China: INDEX

The New Cold War on China, Monthly Review, Vol73 No. 3 July-Aug 2021

China: Imperialism or semi-periphery? Monthly Review, Vol73 No. 3 July-Aug 2021

JD Comments Imperialism or semi-periphery

China and the American Lake Monthly Review, Vol73 No. 3 July-Aug 2021

The Political Economy of the U.S.-China Technology War, Monthly Review, Vol73 No. 3 July-Aug 2021

China: A new imperialism emerges. International Viewpoint 18 Nov. 2021

JD-Roberts_IIPPE-International discussion on China

IIPPE-Imperialism and China

IIPPE 2021: Imperialism, China and finance

The Social Nature of China, Chapter 16. Maitan, Livio: Party, Army and Masses in China, 1967.

The New Cold War on China

JOHN BELLAMY FOSTER
MonthlyReview= Vol73 No.3=July-Aug. 2021 N.Y.USA

(ALL EMPHASES BY THE ED.)

On March 24, 2021, a high-profile article proclaiming "There Will Not Be a New Cold War" appeared in *Foreign Affairs,* the flagship publication of the Council on Foreign Relations, the principal think-tank for U.S. grand strategy. The author, Thomas Christensen, a professor of international affairs at Columbia University and former deputy assistant secretary of state for East Asian and Pacific Affairs in the George W. Bush administration, went so far as to acknowledge that "the (Donald) Trump administration basically declared a cold war on China." Nevertheless, no New Cold War, Christensen optimistically indicated, would actually materialize, since Washington under Joe Biden would presumably back away from Trump's extreme policies toward China given its "vital position in the global value chain." Beijing could not be seen as an aggressive power in ideological or geopolitical terms, but was simply interested in economic competition.

Yet, what Christensen's analysis excluded was any mention of the imperialist world system, crowned by U.S. hegemony, which is now threatened by China's seemingly inexorable rise and pursuit of its own distinctive sovereign project. In this respect, the Trump administration's prosecution of a New Cold War on China was no anomaly, but rather the inevitable U.S. response to China's rise and the end of Washington's unipolar moment. **Just as the United States declared a Cold War against the Soviet Union and China in the 1940s and '50s, as part of a grand strategy to secure its global hegemony in the immediate post-Second World War era, today it is now declaring a New Cold War on China in the interest of maintaining that same imperial hegemony.**

(…)

In the week prior to this high-level meeting, Washington had set the stage, signaling through its actions its intention to promote a hyper-aggressive Cold War 2.0 directed at China. **Thus, on March 12, Biden met with the heads of state of Japan, India, and Australia, representing the new Quad military-strategic affiance led by the United States, widely seen as an attempt to construct an Asian analogue to the North Atlantic Treaty Organization (NATO).** The Quad issued a joint statement the entire subtext of which was enmity toward China. On the same day, **the U.S. Federal Communications Commission blacklisted five Chinese companies including Huawei. Late on March 16, less than two days before the bilateral talks with China were set to begin, the Biden administration renewed sanctions against twenty-four officials of the Chinese government, in response to the suppression of dissent in Hong Kong.**

In a break with diplomatic protocol, Blinken started off the March 18 bilateral talks in Anchorage by bluntly stating that he and the U.S. secretary of defense Lloyd Austin had just returned from a meeting with their counterparts in Japan and Korea, two U.S. leading military allies that share many of Washington's concerns with regard to China. Washington's goal, he said, was "to advance the interests of the United States and to strengthen the rules-based international order."

(…)

Yang responded by insisting that China firmly upheld "the United Nations-centered international system and the international order underpinned by international law, not what is advocated by a *small* number of countries [as] the so-called rules-based international order." "The Chinese people," he said, "are wholly rallying around the Communist Party of China. Our values are the same as the common values of humanity. Those are: peace, development, fairness, justice, freedom, and democracy." He stressed the quite different conceptions of democracy represented by China and the United States. Contrasting Beijing's foreign policy to that of Washington, both historically and in the present, he stated:

> We do not believe in invading through the use of force, or to topple other regimes through various means, or to massacre the people of other countries(…)

Yang insisted that Washington had no basis to lecture Beijing on human rights given its own record, as symbolized by the protests of the Black Lives Matter movement. "The United States itself does not represent international public opinion, and neither does the Western world." With respect to "cyberattacks," he stated, "whether it's the ability to launch cyberattacks or the technologies that could be deployed, the United States is the champion in this regard. You can't blame this problem on somebody else."

(…)

Yang responded that he had "felt compelled to make this speech because of the tone on the U.S. site," in which the U.S. diplomats chose "to speak to China in a condescending way from a position of strength," with all the appearance of having carefully "planned" and "orchestrated" this confrontation. Wang followed by returning to Blinken's veiled reference to Japan and South Korea regarding their concerns about coercion from China. He indicated that it was not clear whether this was actually coming from these countries themselves or was simply a U.S. projection.

"For an astonished press, witnessing the [entire] exchange," as Thomas Wright, a Brookings Institution senior fellow, observed shortly after in the *Atlantic* it was like being present at the dawn of a new cold war."

(…) ten days later the *National Interest*: (reported):

"Thirty years after the demise of the Soviet Union and the end of the Cold War, the world finds itself in a new cold war" centered on China: Washington continued in the following weeks with its aggressive attack on China:

- March 22: The United States, along with the European Union, the United Kingdom, and Canada, issued sanctions on four Chinese officials over alleged human rights violations in Xinjiang.'
- March 24: The foreign ministers of NATO's thirty states declared that they were ready to oppose the "authoritarian threats to the rules-based international order," in cooperation with their allies and partnerships in the Asia-Pacific, thereby singling out China as a common foe.
- March 28: U.S. trade representative Katherine Tal announced that the United States had no intention of removing the tariffs Trump had imposed on Chinese goods imported to the United States, affecting a majority of Chinese exports to the United States, and designed to get multi-national corporations to delink their value chains from China.

(…)

In its first one hundred days, the Biden administration wasted no time in ratcheting up U.S. military pressure on China. From January to April 2021, U.S. military activity along China's borders increased sharply, with incursions of U.S. military ships in Chinese-claimed territorial waters rising by 20 percent and U.S. military aircraft incursions in Chinese air space growing by 40 percent **In March, Germany deployed a warship in the South China Sea aimed at China, with Washington welcoming "Germany's support for a rules-based international order in the Jndo-Pacific."** In April, the United States sent an additional carrier strike group to bolster its forces in the South China Sea. Meanwhile, Britain is sending its Queen Elizabeth II carrier strike group into the South China Sea in a tilt to the Indo-Pacific. **The United States currently has four hundred military bases and some 375,000 command personnel (military and civilian) in the Indo-Pacific encircling China including more than eighty thousand troops stationed in Japan and South Korea.**

Viewed in this overall context, the confrontation between Washington and Beijing in Anchorage, rather than simply constituting an angry exchange between irate diplomats, can be seen as revealing the basic contours of the U.S. imperial grand strategy with respect to China, along with the nature of China's strategic response. **Washington's insistence on what it calls a "rules-based international order," in contrast to Beijing's advocacy of a broad UN-based order of sovereign states underpinned by international law (traditionally referred to as the Westphalian system), is more than a dispute over phraseology**. Rather, it stands for the current U.S. strategy of compelling China to comply with the hegemonic political-economic order imposed by an a1liance of major powers under U.S. leadership, so as to "lock in" current imperial power relationships. **As China has indicated, if the "rules-based order" is "set by the US alone, then it cannot be called international rules, but rather 'hegemonic rules.'...** If it refers to rules set by the US and a handful of other countries, then it cannot be called international rules either, but rather 'clique rules,' which run counter to the principle of democracy and won't be accepted by the majority of countries in the world."

In particular, the United States and the other capitalist economies at the apex of the world system, notably the triad of the United States/Canada, Western Europe, and Japan, are committed to preserving not only the hegemonic institutions forged in the Cold War era, such as the World Bank and International Monetary Fund, coupled with the system of U.S.-dominated military alliances, but also what is referred to as the post-Westphalian system or liberal international order that emerged during the era of "naked imperialism" from the 1990s to the present, made possible by the vacuum created by the Soviet Union's disappearance from the world stage and the resulting U.S. "unipolar moment."

(…)

The object is ultimately that of bringing about the demise of the Communist Party of China (CPC) and tightly binding China to the imperial order of global monopoly-finance capital, while reducing it to permanent subaltern status. The principal means of achieving this will be a system of unequal treaties — **the rules-based international order— imposed by a coalition of great powers, with the United States at the top.**

(…)

All of this is now New Cold War policy. Moreover, by attacking China with allegations of "genocide" and "crimes against humanity" in relation to its internal populations, the United States is able to justify its New Cold War on China, including its actual hybrid warfare, combining an array of political, economic, financial, technological, cyber, and more traditional overt and covert military means.

The "Rules-Based Order" and New U.S. Imperial Grand Strategy

The foremost U.S. theorist of the rules-based international order is G. John Ikenberry, a professor of politics and international affairs at Princeton University and a member of the Council on Foreign Relations, whose work has had a strong influence on the Biden administration.

(…)

As China's historic rise became more apparent, Ikenberry wrote a 2008 essay for *ForeignAffairs* on "The Rise of China and the Future of the West," in which he insisted that the "globalized capitalist system" and the Western liberal international order could only be preserved if direct U.S. hegemony gave way to the rules-based order enforced by the collective weight of the United States together with its major allies. In this way, an "American-led liberal hegemonic order" could be secured indefinitely. As U.S. secretary of state Hillary Clinton put it, it was essential to prevent a more "multi-polar world" from emerging by instituting in its stead a "multi-partner world," a set of U.S.-led alliances and partnerships that would guarantee Washington's continued dominance in the twenty-first century.

This conception of a rules-based order as means of organizing a global counterrevolution found strong bipartisan support in the United States and, most significantly, within the Pentagon.

(…)

This notion of the contingent character of sovereignty was clarified by Richard Haass, former deputy secretary of state in charge of policy planning in the George W. Bush presidency and current head of the Council on Foreign Relations, who explained that the shift to more limited conceptions of sovereignty reflected the new hegemonic view that "sovereignty is not a blank check. Rather, sovereign status is contingent on the fulfillment by each state of certain fundamental obligations, both to its own citizens and to the international community. **When a regime fails to live up to these responsibilities or abuses its prerogatives, it risks forfeiting its sovereign privileges including, in extreme cases, its immunity from armed intervention." And when it comes to armed intervention, as Haass famously argued elsewhere, the United States is the self-appointed "sheriff" of the international order, while the remainder of the triad is the "posse.*"** Although the United States has recently complained of Chinese aggression and its growing global threat, due to its one foreign military base located in Djibouti in Africa, Washington as the global sheriff has up to a thousand military bases spanning the entire globe, many of these surrounding China. *(*"any body of armed men"--Websters)*

The doctrine of a rules-based international order has been used to justify the continual U.S./NATO military interventions and U.S.-sponsored coups directed at populations in five of the six inhabited continents since the 1990s — all in the name of the promotion of democracy and human rights (…)

The People's Republic of China: An Emerging Sovereign Superpower

Commenting in January 1850 on the first stirrings of the Taiping Revolution *(1850-64)* in China, Karl Marx and Frederick Engels pointed to the birth of "Chinese socialism." European reactionaries with their armies, they indicated, might someday arrive at the frontiers of China only to "find there the inscription":

REPUBLIQUE CHINOISE,

Today, the People's Republic of China remains focused — through what is now seen as a century-long struggle, to culminate in 2049 — on overcoming the remaining traces of what Mao called the "history of insult and humiliation" going back to the Opium Wars. In doing so, it has initiated a course known as "China's Dream," enunciated by Xi in November 2012, but reflecting the entire path of Chinese post-revolutionary development. "Only by upholding socialism with Chinese characteristics," Xi has declared, "can we bring together and lead the whole Party, the whole nation and the people of all ethnic groups in realizing a moderately prosperous society by the centenary of the CPC in 2021 and in turning China into a prosperous, democratic, culturally advanced and harmonious socialist country by the centenary of the People's Republic of China in 2049." To this has been added the longer term objective of creating an ecological civilization and a beautiful China, with ecology seen as "the most inclusive form of public wellbeing." The first centenary goal, that of 2021, is now seen as fulfilled. But the second centenary goal still needs to be achieved. **The centenary of the People's Republic of China, 2049, is to mark via "socialist modernization" the "national rejuvenation" of China, having finally triumphed over the century or more of foreign and domestic oppression that produced the great divergence between China and the West.**

Driven by this sovereign historical project, China has remained an enemy of imperialism and a strong, unswerving defender of the Westphalian system of state sovereignty, not only in terms of the original Peace of Westphalia and the UN Charter, but also backing the anti-imperialist objectives of the Third World Bandung Conference of 1955, which, based partly on V. I. Lenin's principle of the self-determination of nations, asserted the equal rights of developing countries, and the importance of a polycentric world. **Xi articulated this anti-imperialist stance in 2017**.

"From the principles of equality and sovereignty established in the Peace of Westphalia over 360 years ago to international humanitarianism affirmed in the Geneva Convention more than 150 years ago; from the four purposes and seven principles enshrined in the UN Charter more than 70 years ago to the Five Principles of Peaceful Coexistence championed by the Bandung Conference over 60 years ago, many principles have emerged in the evolution of international relations and have been widely accepted. These principles should guide us in building a community of shared future for [hu]mankind.

Sovereign equality has been the most important noun governing state-to-state relations over the past centuries, and the cardinal principle observed by the United Nations and its agencies and institutions. The essence of sovereign equality is that the sovereignty and dignity of all nations, whether big or small, strong or weak, rich or poor, must be respected: their internal affairs brook no interference, and they have the right to independently choose their social system and development path. (Note 58: "Xi, *The Governance of China*, vol. 2, 590)

China's anti-imperialist stance is tied up with its whole developmental path. It's extraordinary advance, including the more than quadrupling of its economy since the late 1970s and the recent elimination of absolute poverty, has been dependent not only on its growing integration into the world economy, but also, and no less importantly, on the limitations that it has been able to impose on the capitalist nature of that integration. Crucial in this regard is the existence of a number of key socialist-oriented elements distinguishing the Chinese system: (1) social ownership of land, which in the countryside is still partially managed collectively by village communities; *(2)* state control of money and finance; (3) state ownership of key sectors of industry, including banks, allowing for high rates of investment; and *(4)* a planning system, complementing the market economy, directed by the CPC by means of five-year plans. There is a continuing emphasis within the CPC on Marxist and dialectical conceptions, which are seen as keys to the fulfillment of China's sovereign project of the creation of a modern, developed "socialist democracy" with Chinese characteristics. A core element in Chinese revolutionary theory, practice, and conception of socialist democracy is the ***mass line,*** or the notion of "from the masses to

the masses." **Together, these traits mark China as a post-revolutionary society that is neither entirely capitalist nor entirely socialist, but that is following an overall developmental path that holds open the possibility of continued movement toward the latter**.

The internal dynamism of the Chinese economy, its highly developed infrastructure, and its low unit labor costs (often entailing extreme exploitation in export industries) has attracted enormous investments by multinational corporations, allowing China to become the new workshop of the world in what has been called the Third Industrial Revolution, based on digital technology. Due to the strength of its planning system, China was able to retain a larger portion of overall surplus value generated than in the case of most developing countries, and to create partnerships with multinationals that allowed it to acquire advanced technology.[63]

While still a poor country, with per capita income one-fifth that of the United States, China has managed to move to the forefront of what Klaus Schwab, founder and executive chairman of the World Economic Forum, has called the Fourth Industrial Revolution characterized by new technologies that are designed to fuse the physical, digital, and biological worlds. It is China's technological prowess, its financial controls that limit the power of the U.S.-dominated imperial order, and its geopolitical assertion of a One China, which includes recapturing its historic territory, that have most disturbed the core capitalist countries. The United States and its chief imperial allies would like to see China tightly bound within what Thomas Friedman called the "golden straitjacket" of the prevailing globalized order, which is designed to place constraints on the political and economic freedoms of nations (particularly those outside the core), preventing them from going against the existing rules and relations of global power.

Part of the present rejuvenation of China's historical role as a civilization, as conceived by Beijing today, is the resurrection of the ancient Silk Road, a trade route that extended from China to South Asia and the Middle East all the way to Europe. **In fall 2013, Xi proposed his vast One Belt, One Road project (known in the West as the Belt and Road Initiative) involving building a Silk Road Economic Belt, extending from South and Central Asia to the Middle East and Europe, coupled with a Twenty-First-Century Maritime Silk Road that would connect China to Southeast Asia, the Middle East, Africa, and Europe via various sea lanes. In 2017, China further extended its Maritime Silk Road to Latin America.** China was to be the principal initiator and founder of One Belt, One Road, providing the seed money, but other countries were invited to join with the financing and planning of Infrastructure. Thirty-nine countries in sub-Saharan Africa, thirty-four in Europe and Central Asia, twenty-five in East Asia and the Pacific, eighteen in Latin America and the Caribbean, seventeen in the Middle East and North Africa, and six in South Asia are now affiliated with One Belt, One Road. **All told, the Belt and Road Initiative encompasses 139 countries and close to two-thirds of the world population. As the Council of Foreign Relations noted to its chagrin, "Xi Jinping invites heads of state to China for Belt and Road forums, contributing to the view that Beijing is an economic power on par with the United States."**

At the Anchorage meeting between the top U.S. and Chinese diplomats in March 2021, Blinken lauded the efforts of the present U.S. administration at gaining control of the COVID-19 pandemic. His Chinese counterparts were no doubt unimpressed. **In May 2021, the United States has seen over six hundred thousand deaths from COVID-19, a mortality rate of over 1,800 deaths per million. In contrast, China had experienced least five thousand deaths, a rate of 3 deaths per million**.

(…)

China has declared that its COVID-19 vaccines constitute a "public good." Already by April 2021 China had donated and exported 48 percent of its domestically manufactured vaccines— donating the vaccines to

eighty countries and exporting to forty. The United States and United Kingdom had meanwhile shared their vaccines with zero countries, while insisting on maintaining international patent restrictions on the vaccines. By June 1, China had shared (exports and donations) 323.3 million doses of their COVID-19 vaccines with other countries, the European Union had shared 143.8 million doses, mostly with other developed countries, and the United States had shared a mere 7.5 million doses. **Washington has accused China of "vaccine diplomacy" and has suggested that it is breaking the rules-based order to "outcompete the United States and its allies" in the international market for COVID-19 vaccines. China has geared up its production of COVID-19 vaccines to around five billion doses a year, most of which it plans to share as an international public good with the developing world!**

China's Third Revolution and the U.S.-Led Global Counterrevolution

In his October 18, 2017, report to the Nineteenth National Congress of the CPC, Xi stated that "the Chinese nation, which since modern times began had endured so much for so long [an allusion to the Opium Wars and the Century of Humiliation], has achieved a tremendous transformation: it has stood up, become better off, and grown in strength; it has come to embrace the brilliant prospects of rejuvenation." (…) The New Era, in the period of Xi's leadership, has been directed toward constructing a strong, self-sufficient and sustainable Chinese system, aimed at "building a moderately prosperous society in all respects" by 2021, and "of moving on to all-out efforts to build a great modern socialist country" by 2049.

(…)

The CPC leadership has continued to define China as "the world's largest developing country," albeit one in the primary stage of socialism," thus emphasizing its direct connections to the Global South of which it sees itself a part. Its official international stance is dictated by the "five principles of peaceful coexistence," defined as: (1) mutual respect for sovereignty and territorial integrity, (2) mutual nonaggression, (3) mutual noninterference in each other's internal affairs, (4) equality and mutual benefit, and (5) peaceful coexistence.

(…)

It would not be an exaggeration to say that China's Third Revolution has been greeted by the United States and the other core capitalist powers with a combination of disbelief, shock, and anger. Unaccustomed to thinking historically and dialectically, relying on mere formalistic frames of analysis, and believing in the inevitable triumph of capitalism, the dominant ideology in the West has been one quite literally of "the end of history." The idea that China's sovereign project would eventually lead to a critical challenge to, rather than absorption within, the existing capitalist and imperialist order was thus scarcely entertained in Washington.

Even more shocking was the discovery that China's New Era, associated with Xi, would begin to look in many ways more like the revolutionary China of Mao than the reform era of Deng.

The enraged response of the U.S. power elite to China's undeterred pursuit of its own sovereign project has been to launch the New Cold War centered on China (also encompassing its allies like Russia and Iran). This is now seen in U.S. ruling class circles as a new war for hegemony — though minus any genuine historical analysis, which would require an honest assessment of imperialism past and present.

(…)

In contrast, from a Marxian perspective, any meaningful assessment of hegemonic transition in the context of the modern world must be seen as a product of the internal dynamics of the capitalist world economy, which has been characterized throughout its history by the imperialism of the core directed at the periphery and by periodic wars over imperial hegemony: the only "answer" that the capitalist system is capable of pro-viding to the question of world power.

(…)

China, it is recognized, is too big simply to be conquered, and too big economically to be allowed to fail. What is required, therefore, according to the ruling Washington Consensus, is a counterrevolution unleashed by the reigning powers directed at re-imposing a new global set of unequal treaties on China, along with the bulk of the developing world. The object is less to contain than to constrain China. Ultimately, such a strategy is to be backed up by military force. This was what Bill Clinton's secretary of state Madeleine Albright was to call "assertive multilateralism." For Hillary Clinton, speaking at Chatham House on May 6, 2021, it is essential in this context for the United States to "take back the means of production" from China to ensure that the latter is kept in a perpetual subaltern state.

To say that these conditions put the world's population in an era of almost unprecedented danger would be an understatement. No New Cold War can take place without a nuclear arms race and increased danger of thermonuclear war. China, whose nuclear warheads are in the low two-hundreds, compared to the 1,400 deployed nuclear warheads of the United States, is seeking to double its number of warheads by 2030.

(…)

The world survived the Cold War. We do not know if it will survive the New Cold War. Twenty-first-century humanity is now faced, in every sphere of its existence, with an escapable choice: "Ruin or revolution" *(Marx & Engels*).

China: Imperialism or semi-periphery?

Minqi Li is a professor of economics at the University of Utah. Li Can be reached at minqi.li@economics.utah.edu.

China is currently the world's largest economy measured by purchasing power parity. As the rapid expansion of the Chinese economy reshapes the global geopolitical map, Western mainstream media has begun to define China as a new imperialist power that exploits cheap energy and raw materials from developing countries. **Some Marxist intellectuals and political groups, drawing from the Leninist theory of imperialism, argue that the rise of monopoly Chinese capital and its rapid expansion in the world market have turned China into a capitalist imperialistic country**.

Whether China has become an imperialist country is a question of crucial importance for the global class struggle. **I argue that although China has developed an exploitative relationship with South Asia, Africa, and other raw material exporters, on the whole, China continues to transfer a greater amount of surplus value to the core countries in the capitalist world system than it receives from the periphery. China is thus best described as a semi-peripheral country in the capitalist world system**.

The real question is not whether China has become imperialistic, but whether China will advance into the core of the capitalist world system in the foreseeable future. Because of the structural barriers of the capitalist world system, it is unlikely that China will become a member of the core. However, if China does manage to become a core country, the extraction of labor and energy resources required will impose an unbearable burden on the rest of the world. It is doubtful that such a development can be made compatible with either the stability of the existing world system or the stability of the global ecological system.

Is China a New Imperialist Country?

As China becomes the world's largest economy (measured by purchasing power parity) and the largest industrial producer, China's demand for various energy and raw material commodities has surged. In 2016-47, China consumed 59 percent of the world total supply of cement, 47 percent of aluminum, 56 percent of nickel, 50 percent of coal, 50 percent of copper, 50 percent of steel, 27 percent of gold, 14 percent of oil, 31 percent of rice, 47 percent of pork, 23 percent of corn, and 33 percent of cotton.[1]

A large portion of China's demand for commodities is supplied by developing countries in Asia, Africa, and Latin America. In this context, Western mainstream media has described China as a new imperialist country exploiting developing countries. In June 2013, the *New Yorker* carried an article criticizing Chinese capitalists in Zambia for exploiting local copper resources and violating labor rights.

The New York Times asked whether China had become a new colonial power. The writer indicated that China had used its One Belt, One Road initiative to support corrupt dictators, induce recipients of Chinese investment into debt traps, and promote cultural invasions.

A *Financial Times* commentator contended that as China pursued the Belt and Road Initiative and promoted various economic projects, the investment logic would inevitably turn some developing

countries (such as Pakistan) into China's client states. China is therefore "at risk of... embarking on its own colonial adventure."

For Marxist scholars and political groups, debates on imperialism have been either directly based on or inspired by V. I. Lenin's concept of imperialism originally proposed in the early twentieth century. According to Lenin, by the late nineteenth century, the basic relations of production in the developed capitalist world had evolved from free competitive capitalism to monopoly capitalism. The massive accumulation of capital by monopoly capitalists in combination with a saturation of domestic markets led to surplus capital that could only be profitably invested in colonies and underdeveloped countries by taking advantage of their cheap land, labor, and raw materials. The competition for capital export destinations in turn led to territorial partitions of the world by the major imperialist powers.

In chapter 7 of *Imperialism, the Highest Stage of Capitalism,* Lenin defined the five "basic features" of imperialism:

> (1) the concentration of production and capital developed to such a high stage that it created monopolies which play a decisive role in economic life; (2) the merging of banking capital with industrial capital, and the creation, on the basis of this "finance capital," of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed.

(…)

In the contemporary debate on "Chinese imperialism," Marxist theorists who contend that China has become a "capitalist imperialist country" usually argue that China has become imperialist in the Leninist sense — that is, internally, China has become a monopoly capitalist country; externally, the monopoly Chinese capital has manifested itself through massive exports of capital. For example, N. B. Turner has argued that both state and private monopoly capital had been established in China and the four largest state-owned banks controlled the "commanding heights" of the Chinese economy, demonstrating the dominance of finance capital. Turner further noted that China had accumulated enormous overseas assets and become one of the largest capital exporters in the world, exploiting workers and raiding resources in various parts of the world.

David Harvey, one of the world's best-known Marxist intellectuals, has recently contended that China's holding of large chunks of U.S. government debt and the China's capitalist land grabs in Africa and Latin America have made the issue of whether "China is the new imperialist power" worthy of serious consideration. (…) -

Imperialism and Superprofits

Lenin considered imperialism to be a stage of capitalist development based on monopoly capital. For Lenin, monopoly capital did not simply mean the formation of large capitalist groups but large capitalist enterprises that had sufficient monopoly power to make superprofits — profits far above the "normal" rates of return under free competitive conditions.

Using available business information at the time, Lenin cited several examples of superprofits of monopolist capitalist businesses. The Standard Oil Company paid dividends between 36 and 48 percent on its capital between 1900 and 1907. The American Sugar Trust paid a 70 percent dividend on its original investment. French banks were able to sell bonds at 150 percent of their face value.

The average annual profits on German industrial stocks were between 36 to 68 percent between 1895 and 1900.

(…)

If we apply Lenin's concept of imperialist superprofits to the Chinese context, what do we find? Has China already become an imperialist country that is plundering the whole world simply by "clipping coupons"?

(…)

Using conventional international balance of payment accounting, China has indeed become a large capital exporter and accumulated enormous overseas assets. But these "assets" need to be analyzed.

From 2004 to 2018, China's total foreign assets increased from $929 billion to $7.32 trillion. During the same period, China's total foreign liabilities (that is, total foreign investment in China) increased from $693 billion to $5.19 trillion. This means China had a net investment position of $2.13 trillion at the end of 2018. That is, China has not only accumulated trillions of dollars of overseas assets but also become a large net creditor in the global capital market. **This seems to support the argument that China is now exporting massive amounts of capital and therefore qualifies as an imperialist country.**

However, the structure of China's overseas assets is very different from the structure of foreign assets in China. Out of China's total overseas assets in 2018, 43 percent consists of reserve assets, 26 percent is direct investment abroad, 7 percent is portfolio investment abroad, and 24 percent is other investment (currency and deposits, loans, trade credits, and so on). By comparison, out of total foreign investment in China in 2018, 53 percent is foreign direct investment, 21 percent is foreign portfolio investment, and 26 percent is other investment.

Thus, while foreign investment in China is dominated by direct investment, an investment form consistent with the foreign capitalist attempt to exploit China's cheap labor and natural resources, reserve assets account for the largest component of China's overseas assets.

(…)

China's reserve assets reflect largely the accumulation of China's historical trade surpluses and are mostly invested on low-return but "liquid" instruments such as U.S. government bonds. These assets theoretically represent China's claims on future supplies of goods and services from the United States and other developed capitalist countries. But these claims may never be realized because the United States and other developed capitalist countries simply do not have the production capacity to produce within a reasonable period of time the extra goods and services that may correspond to the more than three trillion dollars of foreign exchange reserves held by China. If China uses a large portion of its reserves to buy raw material commodities or exchange the reserves into other assets, it would dramatically drive up the prices of these commodities or other assets and China would suffer a massive capital loss (a large reduction of the purchasing power of China's reserves). In addition, China needs to hold several trillion dollars as reserves to insure against possible capital fight or financial crisis.

From the U.S. point of view, China's accumulation of foreign exchange reserves (mostly in dollar-denominated assets) has essentially allowed it to "purchase" trillions of dollars' worth of Chinese goods largely by printing money without providing any material goods in return. China's reserve assets, rather than being a part of China's imperialist wealth, essentially constitute China's informal tribute to U.S. imperialism by paying for the latter's "seigniorage privilege."

While China's total overseas assets are greater than its liabilities by $2.13 trillion, China's investment income received in 2018 was actually smaller than the investment income paid by $61 billion.[17] Chart 1 compares the rates of return on China's total investment overseas with those on foreign investment in China from 2010 to 2018.

From 2010 to 2018, the rates of return on China's overseas assets averaged about 3 percent and the rates of return on total foreign investment in China varied mostly in the range of 5 to 6 percent. An average rate of return of about 3 percent on China's overseas investment obviously does not constitute "superprofits." Moreover, foreign capitalists in China are able to make about twice as much profit as Chinese capital can make in the rest of the world on a given amount of investment.

On the eve of the First World War, net property income from abroad accounted for 8.6 percent of the British gross national product and total property income accounted for 9.6 percent. **It was by observing such massive superprofits that Lenin considered exports of capital to be of "exceptional importance" in the era of imperialism. By comparison, China's *total* investment income received in 2018 was $215 billion or 1.6 percent of China's gross domestic product (GDP) and China's *net* investment income from abroad is *negative.***

China's massive investments in Hong Kong, Macao, Singapore, Cayman Islands, and British Virgin Islands (altogether $1.41 trillion or 78 percent of China's direct investment abroad) are obviously not intended to exploit abundant natural resources or labor in these cities or islands. Some of China's investment in Hong Kong is the so-called "round trip investment" to be recycled back to China in order to be registered as "foreign investment" and receive preferential treatments. Much of the Chinese investment in these places may simply have to do with money laundering and capital flight. In *2012, Bloomberg* reported that Xi Jinping's family had several real estate properties in Hong Kong with a combined value of £35 million. In 2014, a report by the International Consortium of Investigative Journalists further revealed that Xi's brother-in-law once owned two shell companies based in the British Virgin Islands. **China's investment in these tax havens has more similarities with wealth transfers by corrupt governments in the third world than projects of imperialist plunder. Much of China's investment in Europe, North America, Japan, South Korea, Australia, and New Zealand is likely to be of a similar character. Rather than "exploiting" the developed capitalist countries, such capital flight in fact transfers resources from China to the core of the capitalist world system.**

This leaves about $158 billion (8.7 percent of China's total stock of direct investment abroad or *2.2* percent of China's total overseas assets) invested in Africa, Latin America, and the rest of Asia. This part of Chinese investment no doubt exploits the peoples in Asia, Africa, and Latin America of their labor and natural resources. But it is a small fraction of China's total overseas investment and an almost negligible part of the enormous total wealth that Chinese capitalists have accumulated (China's domestic capital stock is about five times as large as China's overseas assets**). Some Chinese capitalists may be blamed for their imperialist-like behaviors in developing' countries. But on the whole, Chinese capitalism remains non-imperialist**.

Unequal Exchange and Global Exploitation

Lenin considered the export of capital to be exceptionally important in the imperialist era. But by the mid-twentieth century, Marxist theorists of imperialism already realized that, in the postcolonial era, imperial exploitation of underdeveloped countries mainly took the form of unequal exchange. That is,

underdeveloped countries (peripheral capitalist countries) typically export commodities that embody comparatively more labor than the labor embodied in commodities exported by developed capitalist countries (imperialist countries). **In the twenty-first century, global outsourcing by transnational corporations based on the massive wage differentials between workers in imperialist and peripheral countries may be seen as a special form of unequal exchange**.

(…)

Therefore, to identify a country's position in the capitalist world system, it is important not just to focus on one side of the relations (for example, calling China imperialist simply because China ha exported capital). Instead, it is necessary to consider all trade and investment relations involved and fmd out whether, on the whole, the country receives more surplus value from the rest of the world than it transfers to the rest of the world.

(…)

The United States is a typical imperialist country. In the 1990s, one unit of U.S. labor could be exchanged for more than four units of foreign labor. By the early 2000s, the U.S. labor terms of trade further improved; one unit of U.S. labor could be exchanged for about five units of foreign labor. Although the U.S. labor terms of trade declined after the global financial crisis of 2008-09, it has since partially recovered. In 2016-17, one unit of U.S. labor could be exchanged for about four units of foreign labor.

By comparison, China was a typical peripheral country in the 1990s. In the early 1990s, China's labor tenus of trade was about 0.05. That is, one unit of foreign labor could be exchanged for about twenty units of Chinese labor. Since then, China's labor terms of trade has improved dramatically. By 2016-17, China's labor terms of trade rose to about 0.5. That is, two units of Chinese labor could be exchanged for about one unit of foreign labor**. On balance, China remains an economy exploited by the imperialist countries in the capitalist world system, although the degree of exploitation has declined rapidly in recent years.**

(…)

Therefore, in the neoliberal era, Chinese capitalism has functioned as a crucial pillar for the global capitalist economy by transferring surplus value produced by tens of millions of workers to the imperialist countries. At its peak, China's net labor loss equaled 48 percent of China's industrial labor force in 2007. **Had there not been unequal exchange, ninety-four million workers could be withdrawn from China's export sector without reducing China's material consumption levels and the extra ninety-four million workers could help to nearly double China's industrial output**.

(…)

In the early 1990s, China was clearly a part of the periphery. China had unfavorable labor terms of trade against not only the United States and other high-income countries but also every group of low- and middle-income countries. Since then, China has succeeded in improving its labor terms of trade against every country group. By 2015-17, while it would still take about five units of Chinese labor to exchange for one unit of U.S. labor and four units of Chinese labor to exchange for one unit of labor from other high-income countries, China had clearly established exploitative positions in South Asia and sub-Saharan Africa. **One unit of Chinese labor can now be exchanged for about two units of labor from sub-Saharan Africa or four units of labor from South Asia. One unit of Chinese labor is roughly on a par with one unit of labor from the low- and middle-income countries of Latin America, Caribbean, Middle East, North Africa, Eastern Europe, and Central Asia**. In addition, China has also established a significant advantage relative to other East Asian low- and middle-income countries.

If one adds up the population of South Asia, sub-Saharan Africa, and low- and middle-income East Asia (excluding China), the total population accounts for about 45 percent of the world population.

Thus, China has established exploitative relations against nearly one-ha1f of the world population. China can no longer be treated simply as a peripheral country in the capitalist world system.

China as a Semi-Peripheral Country

According to world-systems theory, the capitalist world system is divided into three structural positions: core, semi-periphery, and periphery. The core countries specialize in quasi-monopolistic, high-profit production processes, and the peripheral countries specialize in highly competitive, low-profit production processes. Surplus value is transferred from the peripheral producers to the core producers , resulting in unequal exchange and concentration of wealth in the core…

(…)

Concluding Remarks

The currently available evidence does not support the argument that China has become an imperialist country in the sense that China belongs to the privileged small minority that exploits the great majority of the world population. On the whole, China continues to have an exploited position in the global capitalist division of labor and transfers more surplus value to the core (historical imperialist countries) than it receives from the periphery. However, China's per capita GDP has risen to levels substantially above the peripheral income levels and, in term of international labor transfer flows, China has established exploitative relations with nearly half of the world population (including Africa, South Asia, and parts of East Asia). **Therefore, China is best considered a semi-peripheral country in the capitalist world system.**

(End selections)

Monthly Review – China – Imperialism or semi-periphery

JD *comments & highlights in italics*

(1) A list of all articles in this issue
https://monthlyreview.org/geography/asia/china/

(2) *see the important views of MR on class nature of Chinese State*
https://monthlyreview.org/2021/07/01/mr-073-03-2021-07_0/ (3)

(3) *The US/Pentagon heightened sustained diplomatic/military campaign against "Red" China:*
"For an astonished press, witnessing the [entire] exchange," as Thomas Wright, a Brookings Institution senior fellow, observed shortly after in the Atlantic, it "was like being present at the dawn of a new cold war."12 Indeed, as David Stilwell, former assistant secretary of state for East Asian and Pacific affairs under Trump, and Dan Negrea, senior associate of the Center for Strategic and International Studies, wrote ten days later in the National Interest: "Thirty years after the demise of the Soviet Union and the end of the Cold War, the world finds itself in a new cold war" centered on China.

Washington continued in the following weeks with its aggressive attacks on China:
https://monthlyreview.org/2021/07/01/the-new-cold-war-on-china/

(4) *The impact of the Chinese revolution on the world economy, as its arguably Menshevik politics enmeshes its State and free enterprise elements*.
"In the early years of the twenty-first century, China was seen by many Western capitalists as a "new El Dorado." Since it became more open to international trade (starting in the early 2000s especially) and was admitted to the World Trade Organization in December 2001, China was supposed to become a huge market accessible to investors from industrialized countries, where their multinational firms could sell a good part of their chronic overproduction. In addition, with its enormous pool of labor, both highly educated and relatively inexpensive, it was to see its role confined to that of a "workshop of the world," which allowed it, more than any other economy in the South, to supply the countries of the North with low-cost goods on a massive scale.

"In most mainstream Western media, China is now presented as a threat, a conquering "empire," an "imperialist" power—even though the term imperialism is taboo when it is about the behavior of global banking establishments, enterprises, or Western institutions. And this threat appears all the more serious as the Beijing "regime" is readily described as "dictatorial," or, in diplomatic terms, "authoritarian." Still the global hegemon, the United States is worried about the Chinese rise in strength, and their successive administrations are building the anxiety-provoking image of a China eager to supplant it and steal its leadership of the capitalist world system. Moreover, this is also the case, to some extent, albeit on a smaller scale, with the governing bodies of the European Union that realize they have become trapped in their free trade dogma.

"As a matter of fact, in commercial matters, China has indeed succeeded in crushing its main capitalist competitors on their own terms—free trade.
(...)

"The "Five Principles of Peaceful Coexistence" Duly Respected As a reminder, according to the Chinese government, the "five principles of peaceful coexistence" are: (1) respect for sovereignty and territorial integrity; (2) mutual non-aggression; (3) non-interference in the internal affairs of

foreign countries; (4) equality and mutual benefit; and (5) peaceful coexistence as such. Since 1957, these principles, enshrined in several international treaties with Asian partner countries, have been continually reaffirmed. "The Chinese leaders insist in the first place on sovereign equality: “The central idea of this principle, declared President Xi Jinping, is that the sovereignty and the dignity of a country, whatever its size, its power or its wealth, must be respected, that no interference in its internal affairs is tolerated, and that countries have the right to freely choose their social system and their path of development.” **This is not a simple statement of principle. The Chinese have always wanted to place their actions within the framework of those of the United Nations and their international institutions,** which they have increasingly supported. One is sometimes surprised at their passivity or very weak involvement in the bloody conflicts that have marked the last decades, but this is deliberate. They are accused of being discreet and doing nothing either against dictatorial or theocratic regimes, which are still legion in the present-day world, and of doing profitable business with them—**should not the West start by taking out its own garbage, its own support for most of these regimes?** Nevertheless, this stance is because the Chinese are resolutely opposed to any imperialism disguised as a false democratic screen or under the pretext of supposedly humanitarian interventions. It is only up to the peoples to emancipate themselves and devise their own development strategy, and, if conditions permit, to carry out their own revolution. **The Chinese are similarly disinclined to export, by force or insidiously, their own political and social system**, and state clearly: “Willing to share our experience of development with the countries of the world, we have, however, no intention to export our social system and our development model, or to impose our will on them.” Rather, they prefer to speak of some “Chinese solutions,” from which other countries could “learn.”
(...)

"We see, in the end, that it is capitalism itself that becomes unsustainable. Doomed to incessant accumulation, capitalism is incompatible with a planet of finite resources. The generator by its very essence of increasingly accentuated and shocking inequalities, it destroys all forms of social cohesion, and even many individuals themselves. China has taken the gamble of using the dynamics of the capitalist system to break out of its logic and to develop quickly, by controlling its contradictions and containing its destructive effects. “Chinese-style” market socialism will gradually and evermore sharply have to move away from capitalism if it is to embody a genuinely alternative path for all of humanity.8 And this is precisely its ambition: according to senior Chinese officials, and even more explicitly nowadays, the borrowing from capitalism was only a way of “crossing the river,” and will only be a very long “detour”—more or less as the New Economic Policy should have been for V. I. Lenin—on the road to communism.9" (end)

https://monthlyreview.org/2021/07/01/is-china-transforming-the-world/
(5) *Question: the present and future development: Is "China-imperialist-or-(on the) semi-periphery/ (?)* "In the contemporary debate on “Chinese imperialism,” Marxist theorists who contend that China has become a “capitalist imperialist country” usually argue that China has become imperialist in the Leninist sense—that is, internally, China has become a monopoly capitalist country; externally, the monopoly Chinese capital has manifested itself through massive exports of capital. **For example, N. B. Turner has argued that both state and private monopoly capital had been established in China and the four largest state-owned banks controlled the “commanding heights” of the Chinese economy**, demonstrating the dominance of finance capital. Turner further noted that China had accumulated enormous overseas assets and become one of the largest capital exporters in the world, exploiting workers and raiding resources in various parts of the world.10

"David Harvey, one of the world’s best-known Marxist intellectuals, has recently contended that China’s holding of large chunks of U.S. government debt and the Chinese capitalist land grabs in

Africa and Latin America have made the issue of whether “China is the new imperialist power” worthy of serious consideration."
(...)

"Concluding Remarks The currently available evidence does not support the argument that China has become an imperialist country in the sense that China belongs to the privileged small minority that exploits the great majority of the world population. **On the whole, China continues to have an exploited position in the global capitalist division of labor and transfers more surplus value to the core (historical imperialist countries) than it receives from the periphery**. **However, China’s per capita GDP has risen to levels substantially above the peripheral income levels and, in term of international labor transfer flows, China has established exploitative relations with nearly half of the world population (including Africa, South Asia, and parts of East Asia). Therefore, China is best considered a semi-peripheral country in the capitalist world system."** (end)
https://monthlyreview.org/2021/07/01/china-imperialism-or-semi-periphery/

Compiled by J.D

China and the American Lake

MARK TSENG-PUTTERMAN is a PhD candidate in American Studies at Brown University in Providence, Rhode Island.

"The power that rules the Pacific.. .is the power that rules the world." SENATOR ALBERT BEVERIDGE, Jan. 9, 1901

"The United States is and always has been an Indo-Pacific nation.... A free and open Indo-Pacific depends on robust American leadership." -NATIONAL SECURITY AGENCY DIRECTOR ROBERT O'BRIEN, 20202

U.S. fantasies of expansion, commercial dominion, and military prowess have long hinged on a premise of Pacific exceptionalism. Couched in the millenarian language of manifest destiny, the Pacific region and its multitudinous ecosystems, cultures, peoples, and nations have been vacated in favor of an ***aqua nullius*** that frames the region as an empty space designated for U.S. possession by divine providence.

This manufactured Pacific ***idea*** — what David Palumbo-Liu describes as a "repository of the American imaginary" — has borne many names. Amid the nineteenth-century annexation of Hawai'i and the colonization of the Philippines, politician Whitelaw Reid heralded the ultimate conversion of the Pacific into an "American Lake." **At the height of his stature as Supreme Commander for the Allied Powers in 1949, Douglas MacArthur described the militarized region as an "Anglo-Saxon lake." During the neoliberal "end of history" heralded by the collapse of the Soviet Union, it became the "Pacific Rim," a space realizing the transcendence of de-territorialized finance and neoliberal capitalist hegemony.**

The arrival of the People's Republic of China as a "strategic competitor" to U.S. hegemony structures the reemergence of the Pacific idea as the cornerstone of U.S. imperialist strategy. In the revised terminology of a renewed Cold War project, the civilizing mission of the nineteenth century has been transfigured into U.S. stewardship over a "free and open Indo-Pacific" under existential threat from illiberal foes. **Under the aegis of this securitized regional concept, the United States runs warships through contested waters in the South China Sea, parades through the exclusive waters of ostensible allies without prior consent (as it did with India in April 2021), and couches the consolidation of U.S. military and commercial supremacy as a necessary defense against a "rising China."**

(...)

Yet as an enduring U.S. transpacific empire is redeployed and reconsolidated for a U.S. strategy locked in "great power competition" with China, both the historical specificity of U.S. regional imperialism and the Marxist critique of empire itself have receded from the frame of many Western left intellectuals and commentators who instead observe an "inter-imperial rivalry between the United States and China (…) Perhaps most nefariously, this false equivalence obscures the ways in which the centuries-long project of U.S. Pacific hegemony is being reconsolidated, operationalized, and expanded in service of a hostile Cold War posture toward China.

Despite the apparent "newness" of the return of China to the top of the U.S. foreign policy agenda, the U.S. state of permanent war in Asia and the Pacific today is in fact the inevitable product of a centuries-long project of U.S. hegemony in the Pacific. **These ambitions required various tactics of**

empire: from settler colonialism in Hawai'i to colonial war in the Philippines to the formation of an "open-door" empire in a fabled China market long heralded as the crown jewel of U.S. Pacific manifest destiny.

(…)

Imagined as a seabound highway to the Far East, the Pacific was key to an ascending U.S. commercial empire "destined to bear on its bosom a larger commerce than the Atlantic," in the words of the U.S. minister to China Charles Denby.[18] Here, China figured as the most prized of U.S. Pacific manifest inheritances — an "El Dorado of commerce," as Denby avariciously described to the American Asiatic Association, a consortium of traders, capitalists, and missionaries with interests in the Far East. **Once again, this commercial Orientalism facilitated diverse modes of formal colonialism: the China trade loomed large over debates on the annexation of Hawai'i following the overthrow of the sovereign Kingdom of Hawai'i in 1893 The position of the McKmley administration and congressional debate over annexation was clear: "We must have Hawai'i to help us get our share of China?'**

(…)

The Open Door: China as Colonial "Exception"?

The commercial Orientalism that framed China as the "natural customer" of U.S. surplus served as one of many animating discourses for U.S. practices of racial capitalism, continental imperialism, and Pacific expansion in the eighteenth and nineteenth centuries. Yet, historiographies of U.S. empire are often marked by the critical absence of China, despite its constitutive role. Indeed, China's retention of territorial integrity is frequently described as an exception to the rule of nineteenth-century Western imperialism…

(…) **In civilizational terms, Adams decried "the arrogant and insupportable pretension of China" to refuse "commercial intercourse with the rest of mankind .... upon terms of equal reciprocity." Adams, alongside a rogue's gallery of U.S. business leaders such as John Jacob Astor and Thomas Perkins, thus hitched their fortunes to the forced trafficking of opium into China, where an estimated forty million people would become addicted to the narcotic by 1900….**

(…)

…. Yet, in staking U.S. commercial supremacy to an ostensibly anticolonial program, the United States was able to performatively distinguish itself from the colonial powers whose forcible incursions into China had created the concessionary port system the United States sought to exploit. **It was this open-door imperialism, Williams argued, that would define the ascendance of the U.S. empire in the twentieth century This ethos of capitalist expansion and commercial penetration — without the costs of imperial invasion or colonial administration — was neatly summed up in a New York Times editorial in 1898 on U.S. policy in the Far East: "We need no more territory, but we must have more markets."**

(…)

Hobson's inquiry into imperialism in China similarly influenced V. I. Lenin's thinking. At the time of writing *Imperialism, the Highest Stage of Cap-4talism,* Lenin observed that the partition of China was "only just beginning." Quoting affirmatively Hobson's argument that the subjugation of China would amount to "draining the greatest potential reservoir of profit the world has ever known," Lenin argued that the superprofits of such imperialism would be used to "bribe the upper strata of the proletariat" in the imperialist countries. Like Hobson, in the attitudes of the imperialist powers toward China, Lenin observed an alliance of "internationally united finance capital" that, due to the inherent instability of imperialist competition, inevitably "prepare[d] the grounds for wars."

Is It 1840?: The "New" ColdWar and the Lacuna of Empire

In May 2018, amid a first round of bilateral talks of a burgeoning U.S.-China trade war, the *GIobal Times* published a Weibo article titled "U.S. Proposes 'Unequal Treaty' with China. Is It *1840?"* The article included a screenshot of a draft framework put forth by the U.S. delegation, which outlined a series of trade demands on China. These consisted of calls to liberalize China's economy by removing tariffs and other barriers to U.S. imports, and a demand for China to reduce the trade imbalance by at least ***$200*** billion by the end of 2020. **Lampooning the demands as a return to the "unequal treaties" of the nineteenth century, Chinese netizens on Weibo and other platforms mocked the United States for still living in the past, asking sarcastically whether it would resort to using its aircraft carriers and nuclear arsenal to enforce such ostentatious demands.**

(…)

China, we are told, is a superpower, the "world's factory," a geopolitical behemoth. Descriptions of China's hulking force not only evoke the nineteenth-century language of a "Chinese Colossus," but evades the question of imperialism in contemporary U.S.-China relations.

Though the most sensationalized charges against China are wielded through the language of human rights and anti-authoritarianism, the core concerns animating U.S. policy escalation toward China are primarily economic. **The first wave of the Trump administration's trade war made this clear: its demands included not only a mandate for China to buy an additional $200 billion in the United States, but also dictated the terms of China's domestic economic policy—including calling for a halt to subsidies in advanced manufacturing industries, an end to forced intellectual property transfers, and a termination to barriers to entry on foreign companies from domestic financial services such as banking and credit cards.** The bipartisan Strategic Competition Act put forward in April 2021 similarly tasked Congress with putting forth policies to "[curb] state-directed subsidization of the private sector" and to monitor "anti-competitive" Chinese manufacturing policy. Such policies, the bill warns, intend to "freeze the United States and. other foreign firms out of the PRC [People's Republic of China] market."

(...)

Here, the language of a "trade war" implies some sense of mutuality. Yet, China does not presume to have the right to make demands about U.S. economic policy. Indeed, this twenty-first-century trade aggression inherits Hobson's critique of how the language of "free" trade in fact depends on "forcing doors open": these ongoing stipulations on China's domestic economic policy are premised on forcibly opening China to the interests of Western capital. Case in point, *Bloomberg* reported breathlessly on the heels of phase-one trade negotiations that China was "dismantling its great financial wall," opening its $45 trillion financial market to up to 100 percent foreign ownership. This economic warfare is predicated on demands for liberalization and market access that harken not only to China's Century of Humiliation, but also to the paradigm of neoliberal underdeveloprnent that has categorized core-peripheiy relations in the postwar era. **While China's 2001 entry into the World Trade Organization was heralded as the "ultimate privatization" and a limitless boon for Western capital, the persistence of Chinese economic sovereignty and checks on foreign capital represent the frustration of the renewed promise of China's long-awaited open door**:

(…)

This U.S.-dominated structure positions China not as a developing nation subject to the imperialist pressures of international trade policy, but a "cheater" whose actions undermine the global economy and threaten nations both in the periphery and the imperial core. The

discourse of "monetary Orientalism" frames China as a singular currency manipulator, a racialized deviation from the norms of global capitalism "raping" the United States (in the words of Ti-ump) and in need of being disciplined by international financial institutions In this context, the World Trade Organization has functioned as an institutionalized arm of trade aggression on China: between 2009 and 2015, 90 percent of cases brought by the four largest economies against one another were directed against China (…)

(…)

Within a system of global commerce adjudicated by the imperial core, the hand of imperialist coercion is effectively masked in the familiar language of competition and liberalization. An interventionist Eight-Nation Alliance has receded into the backdrop, leaving only an "anticommercial" China to be disciplined by the U.S.-defined "rules-based" international liberal global order.

A closer examination of the complaints lodged against China by the imperialist triad of North America, the European Union, and Japan makes clear that it is defined less by "inter-imperialist" competition than by the same tactics and disputes that have long defined core-periphery negotiations over the parameters of trade and development in an unequal world. **Since China's ascension to the World Trade Organization, China has sided not with the imperialist powers but with the developing world on issues of development rights, agricultural subsidies, intellectual property, and other key concerns. As the imperialist powers sought to consolidate their dominion over the terms of international trade via the World Trade Organization during the Doha talks of the early 2000s, it was China's opposition — alongside Brazil, India, and the rest of the developing world— that thwarted attempts to liberalize agricultural subsidy programs in the developing world and obstructed moves to further tighten the restrictions within the Agreement on Trade-Related Aspects of Intellectual Property Rights in order to consolidate the intellectual property monopoly of developed countries' pharmaceutical companies.**

These determinative core-periphery disputes persist. In 2019, the World Trade Organization ruled in favor of the U.S. complaint against China's agricultural subsidies that provide critical stability to China's 550 million agricultural workers — with ramifications for the erosion of minimum price support mechanisms that have sparked mass protests among Indian farmers.

This should come as no surprise to those who have taken seriously the repeated assertions of Chinese officials that China, despite its rapid industrialization, remains a developing nation. At the Nineteenth National Congress of the Chinese Communist Party in 2018, Xi Jinping said China's status as the world's "largest developing country" had not changed. **Similarly, at a 2019 forum with the European Policy Centre, foreign minister Wang Yi told his European counterparts that it would be "irreciprocal" to demand trade reciprocity between China and developed countries, given China's more recent industrialization path. These claims fly in the face of the Western conception of China as a "crazy rich," hyper-industrialized hub, epitomized by tech tycoons like Jack Ma and the gleaming skyscrapers and high-speed rails linking urban centers like Shanghai and Beijing**. *The contradictions of what Chinese officials now call "unbalanced and inadequate development" tell a different story: in terms of national gross domestic product per capita, China's standard of living is only one-sixth of that of the United States, and one-quarter that of the European Union.* **These disparities become clearer when adjusting for provincial disparities. Middle-tier inland provinces such as Henan have a gross domestic product per capita that is one-eighth of that of the United States (comparable to Equatorial Guinea); China's poorest province, Gansu, is one-thirteenth that of the United States (comparable to Namibia).** As a middle-income, developing country in which more than five

hundred million people remain in agricultural work, it is natural that China would form strategic alliances with other Global South countries when negotiating the terms of international trade. These macroeconomic and geopolitical realities undermine dematerialized notions of an inter-imperial rivalry between the U.S. and China.

Crucially, U.S. trade aggression against China has been largely focused on industries through which China seeks to develop a sovereign economy independent from the U.S. hegemonic world system, in which China's role has been circumscribed as that of the "world's factory." **China's economic engagement with the core nations since 1979 has been largely predicated on making China's comparative advantage in labor costs available to Western corporations to offshore manufacturing.** However, Chinese state investments in education, infrastructure, and high-tech innovation, coupled with requirements for foreign firms to transfer technology in exchange for operating in China, has jumpstarted domestic innovation and led to the rise of Chinese value-added industry in electronics, mobile apps, and other tech innovation industries. **It is precisely these industries that have been the target of U.S. trade belligerence. Efforts such as Made in China 2025, which wields Chinese state economic capacity to build Chinese innovation in domestic high-tech fields like information technology and telecommunications, have been a prime target of Western hostility**. The hawkish Council for Foreign Relations, for instance, wondered if the development program was "a threat to global trade." Observers argued that Made in China 2025 was the "real target" of the Trump administration's trade war. **These attempts to undermine China's industrial modernization and approach to escaping the "middle-income trap" of newly industrialized countries are not emblematic of an inter-imperial rivalry, but of a continued paradigm of imperialist trade aggression that has tried to maintain developing nations either as sites of resource extraction or outsourced, low value-added manufacturing.**

Concerns over China's entry into the domain of tech innovation—long the exclusive domain of the triad—are often cast in racialized terms: Republican senator Thom Tillis said the United States needed to "chop off" the "tentacles" of Chinese 5G infrastructure during a Senate Judiciary Committee meeting. **When the Chinese-owned TikTok became a social media craze among U.S. teenagers, former Trump trade advisor Peter Navarro (author of a book called *Death by China)* warned that "the mothers of America" had to worry about "whether the Chinese Communist Party knows where their children are."** These salacious representations of Chinese technology inherit a long history of associations between Chinese goods and bodies, and racialized, sexualized invasion. At the height of nineteenth-century anti-Chinese fervor, the Workingman's Party, a California labor organization, campaigned to boycott cigars made by Chinese employees, arguing' that these products would be conduits for racialized Oriental disease that, threatened the propriety of the white nuclear family.

As Lok Siu and Clare Chun argue, this convergence of yellow peril and techno-Orientalism has been used to advance a kind of techno-economic warfare, one that has only been intensified by the racialization of the COVID-19 pandemic. Increasingly, this racialized discourse of Chinese technology is used to cajole allies to spurn Chinese tech products — 5G infrastructure in particular. **Hypocritically, as the United States has attempted to force an "open door" in China's domestic markets via trade aggression, it has used extra-economic means to shut the door on Chinese technology exports.** The State Department has threatened to cease sharing U.S. intelligence with allies that accept Chinese 5G infrastructure, stoking allegations that the Chinese Communist Party will install "backdoors" to access sensitive information — even as U.S. allies have conducted their own security reviews to the contrary. ***The Strategic Competition Act of 2021 similarly calls on U.S. governmental agencies to support***

European and Canadian "efforts to identify cost-effective alternatives to Huawei's 5G technology." The function of techno-Orientalist representations of Chinese technology is clear: in reifying tropes of Oriental despotism in binary opposition to Western liberalism, the United States has essentially shunted its own very real, documented history of surveillance of allies onto China.

The Old Geographies of a "New" Cold War

In November 2009, standing before a captive audience of Japanese diplomats at Tokyo's Suntory Hall, president Barack Obama once again staked the future of U.S. preeminence to its ability to dominate the Asia-Pacific region. Declaring himself the "first Pacific President" of the United States, Obama outlined a commercial and military "rebalancing" act that would become known as the "pivot to Asia." Following suit, secretary of state Hillary Clinton announced the twenty-first century would be "America's Pacific Century." Clinton promised that increased commitments to the region would "pay dividends for continued American leadership well into this century." In marking Asia and the Pacific as the primary theater of U.S. "leadership," the Obama-era "pivot" instantiated a new foreign policy common sense that has guided all subsequent administrations. America's destiny, once again, faces west.

(…)

In particular, the cohering of "new" Cold War geographies in an anti-China containment strategy are marked by the continuity of Japan's postwar role as a sub-imperial power managed by U.S. interests. (…) Through the Asian Development Bank, the United States has deputized Japanese financial management of its various Asian allies. Most egregiously; it has quietly supported moves by Japanese hawks to revise the country's peacetime constitution to enable the buildup of a standing army — claiming the move as a strategic counterbalance to China's military modernization.

(…)

Those quick to compare the U.S.-China dynamic to that of the U.S. and Japanese empires prior to the Second World War would do well to remember that the resolution of ***that*** inter-imperial rivalry — via the subordination and appropriation of political infrastructures of Japanese imperialism in Korea, the Philippines, and Okinawa to, and for purposes of, U.S. hegemony — continues to structure the region.

(…)

Through discursive sleight of hand and willful ahistoricism, these deeply entrenched geographies of U.S. transpacific empire disappear amid highly charged rhetoric about the "rise of China" and a "new" Cold War between China and the United States. The speculative charge of Chinese hegemony cannot be used to evade a materialist analysis of how U.S. empire, in all its variegated forms, continues to structure Asia and the Pacific — whose peoples continue to fight for political futures beyond their unwilled positioning within "America's Lake."

(End)

The Political Economy of the U.S.-China Technology War

Junfu Zhao is a PhD candidate in economics at the University of Utah.
The author thanks Rudiger von Arnim, Minqi Li, and Han Cheng for their helpful comments.

(…)

The current turn of U.S.-China relations toward strategic competition signals the deep strains of the contemporary international order. For one thing, the United States and China are the two largest economies in the world. The U.S. gross domestic product (GDP) measured at current prices and exchange rates made up 24.4 percent of the world GDP in 2019, down from 30.5 percent in 2000, while China's economy was 16.3 percent in 2019, up from 3.6 percent in 2000. GDP measured at purchasing power parity even shows the reversal of the two economies' weights. The U.S. share of world GDP measured at purchasing power parity decreased from 20.9 percent in 2000 to 15.8 percent in 2019, while China's share increased from 6.4 percent to 17.3 percent in 2019. **Therefore, the fear of falling (that is, losing U.S. global primacy) is an integral part of the U.S. dominant group's psychology, underlying the drive to tame China**. Given the sheer size of the two economies and the central roles they are playing in global production networks, the dynamics of US-China relations have far-reaching ramifications for the contemporary capitalist world-economy.

(…)

The capitalist world-economy under declining U.S. hegemony is facing a fundamental dilemma that will not be settled any time soon.

Technology War in the Integrated Circuit Industry

No one disputes the strategic importance of advanced technology, which is the backbone of maintaining and improving national income, strengthening military capabilities, and safeguarding national security in the capitalist interstate system.

(…)

… China's segment of the semiconductor global value chain focuses on lower value-added functions and less sophisticated chips, and the country is extremely weak in equipment and electronic design automation software.

Given the asymmetry in the semiconductor technology race, we can understand China's efforts to catch up and the desire of the United States to slow or even stall China's progress.

(…)

… Since Trump took office in 2017, the race in the semiconductor industry has escalated into a technology war, in which the United States has stepped up prohibitive measures to suffocate China's advance in the high-tech realm. **The Section 301 investigation accused China of unfair economic practices including forced technology transfer and cybertheft of intellectual property, serving as an excuse for the U.S. initiation of the trade war (therefore, the trade war closely relates to the technology war). Later, some Chinese semiconductor-related technology companies such as Huawei, Fujian Jin-hua, and Sugon were placed on the Entity List (administered by the U.S. Bureau of Industry and Security), denied access to U.S.-origin key inputs.**

On the surface, it seems that the U.S. sanctions were meant to undermine Chinese technology entities, impose trade loss to, and extract concessions from China. But as U.S.-China strategic competition has unfolded, it appears that it has just begun and tensions are not fading away with Trump's departure from the White House. For the United States, the technology war is as much a matter of domestic affairs as an attempt toward restraining China. Some faction of the U.S. ruling elite wants to divert attention away from U.S. internal failures by accusing China of misbehaving. And some faction wants to leverage the fear about China's

ambitious industrial upgrading plan to forge the ruling circle's unity and push for massive domestic investment in infrastructure, education, and research after decades of neoliberal practices. **In other words, they declare that another "Sputnik moment"* has come and the state must lead again in the technology competition. In particular, the U.S. Semiconductor Industry Association is consistently calling for a $50 billion federal government program of additional grants and tax incentives for building semiconductor manufacturing capacities for the next decade.**

It must be recognized that there is no full consensus on how to deal with China, given that U.S. capitalists have substantial material interest in access to China's gigantic market and cheap and quality labor.

("Sputnik moment:" the shocking blow to US prestige as the Soviet Union spectacularly launched the first three Earth satellites in 1957 – one carrying a test dog – then, the first human Yuri Gagarin into orbit in 1961--Ed.)*

International Division of Labor

(…)

From the perspective of the international labor exchange, it is quite obvious that the capitalist world-economy is highly unequal. **China still holds a disadvantaged position in the international division of labor, engaging in largely periphery-like activities and supplying massive labor time to the Global North. The United States clearly benefits from its quasi-monopolies of core-like activities**. Two examples — the global IC industry and the well-known Apple value chain — suffice to illustrate this point. For the semiconductor value chain, half of the industry's total value added occurs at the design stage, where the United States dominates. The stage of assembly, packaging, and testing — where China has managed to gain presence — only captures 6 percent of the total value added. For the successful product iPhone 4, Apple's design and marketing activities captured 58.5 percent of its sales price ($549 in 2010) while the labor in China, where the product was assembled, costed only 1.8 percent of the sales price. **Using Intan Suwandi's theoretical framework of labor value chains, surplus value is extracted from the Global South (where labor is expended) and captured by multinational monopoly capital headquartered in the Global North. A country's capability to capture value on global production networks is reified in its GDP per capita. In 2019, China's GDP per capita measured at current prices and exchange rates was less than one-sixth that of the United States; when measured at purchasing power parity, the number was barely one-fourth. Hence, it makes no sense to speak of a U.S.-China hegemonic contest.**

(…)

The Dilemma within the Contemporary Capitalist World-Economy

At first glance, it is puzzling that the United States imposed aggressive trade sanctions on China (as well as on its own allies, though to a lesser extent), given the fact that the United States extracts surplus value from the rest of world through the existing international division of labor. At least two factors account for this anomaly.

First, real wages of U.S. workers have stagnated and U.S. internal inequality has risen significantly since the late 1970s. This has fueled the anti-globalization sentiments and the support for Trump. As Daron Acemoglu pointed out in *Foreign Affairs,* "Trump's popularity surged based on positions diametrically opposed to Republican orthodoxy: restricting trade, increasing spending on infrastructure, helping and interfering with manufacturing firms, and weakening the country's international. role." These demands run counter to the capitalists who are making substantial profits from globalized production.

Second, U.S. capitalists intend to protect their incumbent positions and avoid competition in core-like activities. The United States has alleged' that "Beijing's economic policies have led to massive industrial overcapacity that distorts global prices and allows China to expand global market share at the expense of competitors operating without the unfair advantages that Beijing provides to its firms." **China's industrial upgrading will likely generate competitive pressures and reduce the profit margins that U.S. capitalists have enjoyed so far. Blocking Huawei — the Chinese company that took the lead in global 5G technology — reflects the U.S. capitalists' deep sense of insecurity.**

Nonetheless, the globalized U.S. capitalists are unwilling to forego China's market and cheap labor. In 2017, the sales of U.S.-invested firms that operate in China reached $700 billion, making a profit exceeding $50 billion. China's participation in labor-intensive and low-value-added segments of global value chains also enables U.S. firms to specialize in lucrative design and marketing activities. Hence, the best scenario for the U.S. capitalists is that China would give up industrial upgrading and stick to the current international division of labor.[51]

To be sure, China's ruling elites also have substantial interests in preserving the existing international order. China's long-term export-oriented growth has led to entrenched interests of coastal provincial governments, export manufacturers, and their lobbyists. Besides, China's overdependence on foreign oil and its internal sovereignty issues make China eager to sustain the stability of the current interstate system. Given these considerations, it is quite unlikely that U.S.-China strategic competition will result in a full-scale confrontation for the foreseeable future.

However, the underlying forces of the capitalist world-economy never stop functioning, bringing about a fundamental dilemma unique to the current hegemonic cycle. Historically, populations living in core states have never exceeded 20 percent of the total population of the capitalist world-system. The enlargement of core populations was made possible by the peripheralization of territories that used to be outside of the world-economy. **Under U.S. hegemony, the world-economy has encompassed the whole globe and there are no more untouched territories and populations that could be further exploited to support substantial expansion of the core.** China, a country with a 1.4 billion population (about 18 percent of the world population), is moving up into and through the semi-periphery zone by striving to enclose within its jurisdiction more core-like activities, which will inevitably generate immense competitive pressures on the existing core states and capitalists**. If China succeeds in industrial upgrading, the profits of core capitalists, incomes of core states, and privileges of their peoples are likely to be squeezed**. The already declining U.S. hegemony will have far less resources with which to manage internal and external affairs that are increasingly complex. If China fails in industrial upgrading, the profitability crisis will burst and economic stagnation will ensue. **The historical legacy of China's national liberation, socialist revolution, and third worldism will help turn China's working class into an anti-capitalist and anti-imperialist revolutionary force that will shake the capitalist world-system. There is no easy solution to this fundamental dilemma unless the paradigm of economic growth is abandoned, a solution that is incompatible with capitalism**.

Conclusion

The writing is on the wall for the capitalist world-economy. The recent disorder of international relations, global pandemic, ensuing economic recession, and U.S. internal conflicts along class and racial lines are signals the world-economy has entered a phase of chaos, precipitated by the incapability of declining U.S. hegemony to deal with increasingly complex issues. **The U.S.-China technology war also reveals a fundamental dilemma: on one hand,**

China's march in the technology realm threatens the superiority of core states and capitalists in the international division of labor and will further weaken U.S. hegemony; on the other hand, it is imperative for China's economy to upgrade and grow in order to accommodate the demands of both capital and labor. Time will tell how this will unfold in our unstable world.

(End selection – Ed.)

JD review & highlights SEE JD NOTES below; Underlined **or BOLD**– JD question

CHINA: A NEW IMPERIALISM EMERGES

18 Nov. 2021, BY PIERRE ROUSSET

The formation of a new imperialism is a rare event. ***(N1)*** *It requires multiple preconditions related to the international situation and the specific characteristics of the country concerned. From this dual viewpoint, the Chinese emergence has posed us unusual questions*.

We knew that imperialism could be born outside of the Western sphere. This was the case in Japan. However, it was part of a fairly classic analytical framework. The creation of Western empires was not complete in Northeast Asia, the great powers were vying for control of China, the Japanese regime could react preventively. As for the social structure of the country, it seemed to us essentially analogous to that of European countries, the Meiji Restoration (1868) ensuring the transition from a late feudalism to a modern capitalism: accelerated industrialization, constitution of a powerful army that masterfully proved itself against Russia: for the first time, a European power was defeated by an Asian country, a major event that caused a geopolitical earthquake. Japan was therefore the last imperialist state to be able to form at the dawn of the twentieth century.

The transformation of the immense Russian Empire into a modern imperialism had indeed failed, due in particular to the consequences of its defeat by Japan during the Russo-Japanese War (1904-1905): its military capabilities collapsed, its naval fleet having been destroyed in two stages: that based in Siberia first and then, that based in the Baltic, sent as reinforcements. On the domestic political level, the debacle was countered by the revolution of 1905, which initiated the crisis of the Tsarist regime. Defeated in the East by the new Japanese imperialism, then in the West by Germany during the First World War, Russia was on the way to becoming a dependent or carved-up state – a fate from which it escaped thanks to the revolution of 1917.

With the formation of colonial empires, a primary division of the world was almost accomplished; henceforth the stakes of inter-imperialist conflicts would be the modification of this division.

AT THE HEART OF CAPITALIST GLOBALIZATION AND GEOPOLITICAL TENSIONS

At the beginning of the twenty-first century, Xi Jingping's China established itself as the world's second largest power, at the heart of capitalist globalization. It projects itself on all continents and all oceans. For Xi, "In an era of economic globalization, openness and integration are an irrepressible historical trend. The erection of walls or 'delinking' goes against economic laws and market principles." Philip S. Golub notes that "the party-state has staked out a claim as a champion of free trade and global finance… removing some of the barriers blocking foreign access to segments of domestic capital markets and issuing licenses

to major US groups to operate wholly- or majority-owned subsidiaries in specialised markets [2] For the Economist of 5 September 2020, "China is creating opportunities [that foreign capital did not expect, at least not so quickly]." The magnitude of U.S. capital inflows into China is difficult to estimate because "many Chinese companies issuing shares have subsidiaries in offshore tax havens." According to a report published by Investment Monitor on 13 July 2021, China has more subsidiaries in the Cayman Islands than any other country "after the United States, the United Kingdom and Taiwan".

"Capable of dictating its conditions in key industrial sectors, the Chinese state flies the China plane, feeding a vast patronage network strengthened by the party's ability to impose widespread surveillance of society. We are not dealing with a "market socialism with Chinese characteristics", but with a state capitalism effectively endowed with "Chinese characteristics". [3] From India to South Korea, the state leading economic development is nothing new in Asia. In various forms, many dominant oligarchies combine private capital, military capital and state capital. The link between them is often made through the big family owners.

Heir to a long and particularly complex history, the Chinese social formation is very heterogeneous. A workshop of the world, its economy remains partly dependent on foreign capital and the import of components or spare parts. However, it also offers the basis for independent international development. In some sectors, it produces advanced technologies, in others, it cannot catch up – as in advanced semiconductors. It is experiencing crises of overproduction (and debt) of the capitalist type that are hitting real estate hard, symbolized by the quasi-bankruptcy of the giant Evergrande. So far, all the prognostications of the bursting of the housing bubble have been denied [4] – but this does not mean that this will remain the case. As Romaric Godin notes, "The Mass has not yet been said for a possible Chinese crisis, but the contradictions of the state capitalism of the People's Republic seem to be increasingly deepening."

From the 1980s onwards, the Chinese leadership prepared its international expansion. Discreetly under Deng Xiaoping, aggressively under Xi Jinping. This expansion has domestic economic drivers (finding outlets for sectors with low profitability and overproduction, such as steel, cement, or labour). It appeals to deep cultural sources – restoring the centrality of the Middle Kingdom, erasing the humiliation of colonial domination, offering a global alternative to the Western model of civilization. It nurtures a Great Power nationalism legitimizing the regime and its ambition to challenge the supremacy of the United States.

We find ourselves in a "classic" situation where the established great power (the United States) confronts the emergence of a growing power (China). **(N2)**

INTERNATIONAL PRECONDITIONS

How could what had become impossible at the beginning of the twentieth century (the emergence of a new imperialism) be realized at the turn of the twenty-first? At the risk of simplification, let us highlight two time periods.

Following the Russian (1917) and Chinese (1949) revolutions, most of Eurasia escaped the direct domination of Japanese-Western imperialisms, conquering a position of independence without which nothing that happened later would have been possible.

Following the international defeat of the revolutionary movements in the 1980s on the one hand and the disintegration of the USSR on the other, the dominant wing of the international bourgeoisie committed the sin of triumphalism, thinking that its undivided rule was henceforth assured. It did not consider, it seems, that the neoliberal world order it imposed could be used by Beijing to its advantage, with the success that we have seen.

CHINESE TRANSFORMATIONS

The analyses that claim that the current Chinese international policy is not imperialist are based on the continuity of the regime from 1949 to the present day, but this continuity is only nominal: People's Republic (PRC), Communist Party (CCP), important state economic sector. There are certainly continuities, especially cultural ones, including the long bureaucratic tradition of the Empire that adorns contemporary regimes with a historical "normality". Discontinuities, however, prevail – and by far. There was indeed revolution and counter-revolution, as evidenced by the successive upheavals of social classes.

The position of the industrial proletariat.

When the People's Republic was proclaimed, the CCP had to rebuild a social base in the urban centres. To do so, it attached itself to the working class, in both senses of the word: by subordinating it and by providing it with considerable social benefits.

Politically, the working class was kept under party control; it did not "lead" either the enterprise or the country. Workers were assigned to work units much like territorial civil servant in the French tradition. The working class of the new state-owned enterprises nevertheless enjoyed considerable social advantages (lifetime employment and so on). No other social stratum had such an advantageous social position, except, of course, the bureaucracy of the politico-state organs of power.

The status of women belonging to popular sectors.

The two emblematic laws adopted in the aftermath of the conquest of power benefited ordinary women: equal rights in marriage and an agrarian reform that included them.

The old ruling classes.

Once the People's Republic was consolidated and whatever the individual fate of this or that member of the Chinese elites, the old ruling classes (urban bourgeoisie and rural gentry) disintegrated. ???

The Maoist regime consolidated itself following a social, nationalist, anti-imperialist and anti-capitalist revolution – a process of permanent revolution. [5] It had deep popular roots, but was nonetheless authoritarian, shaped in particular by decades of war. The democratic legacy of the social mobilizations specific to the strategy of "people's war" remained alive, but the party-state nevertheless constituted the framework within which bureaucratization (a process) developed. **It was not socialism, but a transitional society whose outcome was uncertain. [6]**

The crisis of the Maoist regime.

All the contradictions inherent in the Maoist regime exploded during the misnamed Cultural Revolution (1966-1969). [7] This was a global crisis of great complexity **that we cannot summarize here,** during which the administration and the party were shattered – only the army remaining able to intervene coherently at the national level. Mao eventually appealed to it to impose a repressive return to order, turning against the Red Guards and workers' groups who supported him. During the 1970s, this paved the way for the obscurantist dictatorship of the "Gang of Four", the ultimate victory of the bureaucratic counter-revolution. The catastrophic outcome of the GPCR (Great Proletarian Cultural Revolution) sanctioned the terminal crisis of the Maoist regime and the political death of Mao Zedong, ten years before his physical death. [8]

The bureaucratic counter-revolution created fertile ground for the bourgeois counter-revolution, breaking the popular mobilizations with the return to power of Deng Xiaoping, a survivor of the GPCR purges, appearing as a return to reason. A few years later, it became apparent that what was in the 1960s a slander justifying the purges had become a reality in the 1980s: Deng now embodied the capitalist option within the new leadership of the CCP.

The counter-revolution of the 1980s.

Under the impetus of Deng Xiaoping, the core of the bureaucracy prepared its transformation, its "bourgeoisification" and the reintegration of the country into the capitalist world market. In doing this, it benefited from exceptional advantages:
Utilizing? (and planned economy)
• Regarding the legacy of the Maoist regime: an independent country, industry and technology, an educated, qualified population...
Utilizing?
• Regarding the legacy of the colonial period: Hong Kong (a British colony), Macau (a Portuguese colony) and Taiwan (a US protectorate) were wide open doors to the world market and international finance offering management know-how that did not exist on the mainland, allowing technology transfers (Macau was an ideal channel to circumvent laws and regulations). ???

• The possibility of collaborating with powerful transnational Chinese **(private)** capital on the basis of a solid compromise: the latter received privileged treatment in China, while knowing that only the government and the CCP could guarantee the maintenance of the unity of the country-continent.

• China's intrinsic weight (its geographical and demographic size) – a country like Vietnam can follow the same evolution as its neighbour but cannot aspire to the rank of great power.

China's accelerated capitalist transformation was not accomplished without inflicting a historic defeat on the popular classes during the massive repression known as Tiananmen in April 1989 (the whole country being affected and not only Beijing). A defeat that is part of the new arrangement of social classes.

The proletariat.

The working class of state-owned enterprises stubbornly resisted the intensification of labour demanded by the authorities, so that in the last resort, the government decided to withdraw it largely from production, while continuing to pay it under various artifices. The rural exodus has made it possible to constitute a new proletariat, especially in the free zones. 70% female, at that time they were undocumented Chinese workers (it was forbidden in China to change residence without official authorization). The perfect labour force for the super-exploitation that characterizes the period of primitive accumulation of capital. The first generation of immigrant women from the interior suffered while waiting to return to the village. The second began the fight for its regularization with the support of many associations.

The inversion of the social and ideological order.

The intellectual elites, yesterday at the bottom of social hierarchy, were once again exalted. Women from the popular layers were made invisible. Deng Xiaoping advocated the virtues of "trickle-down" (the enrichment of some supposedly heralds the enrichment of all). The state economic sector now operated in symbiosis with private capital. China has a record number of billionaires, who find themselves in the CCP's governing bodies.

GREAT POWER, IMPERIALISM AND INTERDEPENDENCE

There is no great capitalist power that is not imperialist. China is no exception. A few examples.

==Stalin's foreign policy===

• The bringing to heel of its "periphery". Thanks to the development of a high-speed transport network, Tibet has become the object of settler colonization. In East Turkestan (Xinjiang), the Muslim-majority Uyghur population is subjected to a range of measures ranging from forced assimilation to mass internment with a target of at least cultural genocide. [9] The treaty that guaranteed respect for the democratic rights of the people of Hong Kong during the handover of the colony ("one country, two systems") has been unilaterally repudiated by Xi Jinping. After years of popular resistance, Beijing has imposed its repressive order, criminalizing independent organizations (forced to dissolve), sentencing any dissent to heavy penalties. The right of self-determination, the freedom of peoples to self-determination, is no longer a question in the marches of the Empire.

• To protect its investments in the era of the "new Silk Roads" and ensure access to the Indian Ocean (the "corridors"), Beijing does not hesitate to support the worst dictatorships (as in Burma) and to interfere in the internal affairs of another country (as in Pakistan). [10]

• **The temporary paralysis of the United States (bogged down in the Middle East) has allowed Xi Jinping to militarize the entire South China Sea,** taking control of maritime territories belonging to the riparian countries, from the Philippines to Vietnam. Beijing denounces (rightly) the policy of the US great power in the region, but does not hesitate to use the overwhelming superiority of its naval forces against its neighbours.

• **To secure its sea lanes** (merchant or military), Beijing has taken possession of ports in many countries, from Sri Lanka to Greece, using the weapon of debt when necessary. A default in repayment can allow it to demand that a port territory become a Chinese concession for a period of up to 99 years (which was Hong Kong's colonial status!).

• By projecting itself internationally, China now participates in the division of zones of influence in the South Pacific Ocean by claiming significant maritime space.

The United States was and remains the main imperialist power, the first source of global militarization, wars and instability. This is important to note. I will not stress it here, except to note that Joe Biden has succeeded in refocusing US strategy on the major Indo-Pacific theatre of operations. Obama had wanted this, but had failed to do it, being embroiled in the Middle East. [11] There is a continuity between the policies of Donald Trump and those of Joe Biden. The latter's policy, however, appears more coherent than that of Trump. [12]

Faced with the US threat, the Maoist regime had developed a defensive strategy whose pivot was the army, popular mobilization and the dimensions of the country: an invader would get lost there. On the other hand, a great power must assert itself in the oceans (as well as, today, in space and in artificial intelligence). The naval air forces have been the first military pivot of Xi Jingping's policy that mobilizes the country's resources to make rapid progress in other areas. **–or defensive?==Like N. Korea?**

In doing this, the current Chinese regime is participating in the dynamics of militarization of the world (and thus in the worsening of the climate crisis). Some on the left speak of China's "right" to demand its place in the sun, but since when should we defend the "rights" of a regime, rather than of peoples?

The tension between Washington and Beijing over the Taiwan issue is now at its height. [13] There are two opposing logics. That of states engaged in severe, lasting competition, and that of capitalist globalization where interdependence in

terms of technologies, production chains - “value chains” - trade or finance prevails. Competition is conducted in all areas and “camps” appear in a globalized market and finance. Whatever the contradictions facing globalization today, the capitalist “deglobalization” of the economy appears to be a wager. The interdependence is such that one can think that a war is not in the interest of the bourgeois classes of either China or the United States; but the tension is such that we cannot exclude a slippage with explosive consequences. The situation is all the more unstable since both Presidents, Biden and Xi, face a fragile domestic situation.

Where is China going? I will refrain from trying to answer this question, which I leave to those more learned than myself. It would be one thing if the CCP still ruled the country, but this is no longer the case. This is Xi Jinping’s clique. The latter has imposed a change of political regime. [14] Yesterday, a collegiate leadership made it possible to prepare the succession of generations at the head of the party– a factor of stability. Today, the Xi Jinping faction alone holds power. After bloody purges and the amendment of the Constitution, he can claim to lead for life.

In China too, the selection of political personnel is becoming irrational in relation to the collective interests of the ruling classes.==rather, ELITE==

(P.S. Attached documents)

JD NOTES

N1 –more to the point, a new “class form” of imperialism – the fact of the birth of and fraught establishment of Red China over US-backed Chiang Kai Shek being an established fact.

N2 --- NOT at all so simple! We are dealing with a conflict of historic proportions pitting a concurrent and contradictory degenerating Russian Revolution weighing in against the encroachments of Western petty-bourgeois currents more and more under the influence of the major world imperialist USA – truly a cursed birthright!

FOOTNOTES

[1] The term “imperialism” can be used in various historical contexts. It is used here to mean a great capitalist power.**(????)**

[2] Philip S. Golub, *Le Monde Diplomatique*, November 2021 “Wall Street’s unlikely new romance with China”.

[3] Philip S. Golub, *op. cit.*.

[4] This is acknowledged by Paul Krugman regarding his own forecasts in the *New York Times* of October 22, 2021.

[5] Pierre Rousset “The Chinese Experience and the Theory of Permanent Revolution”.

[6] This is why it is better not to use the formula of transitional society *to socialism*.

[7] It has become common to use the term "Cultural Revolution" to refer to the entire period from 1966 to 1976. This is to confuse within the same periodisation the years of "tumult" preceding the repression of 1968-1969, and those of an unstable bureaucratic normalisation.

[8] Pierre Rousset "XXth Century Chinese revolutions – II – China, Maoism and popular power, 1949–1969".

[9] Daniel Tanuro " A look back at the history of East Turkestan and the geopolitics of Central Asia".

[10] For an overview of this issue, see *Globalization Monitor*, "China's overseas investments in the Belt and Road Era. A people's and environmental perspective", August 2021.

[11] *The Guardian*, 25 September 2016 "Barack Obama's 'Asian pivot' failed. China is in the ascendancy".

[12] Dan la Botz *New Politics*, 13 October 2021 "Biden Focuses U.S. Foreign Policy on Challenging China".

[13] Brian Hide, *Spectre*, 4 November 2021 "Caught Between the Two Superpowers".

[14] Au Loong Yu, Pierre Rousset, ESSF, 22 October 2017 "The 19th Congress of the Chinese Communist Party – Modernisation by a pre-modern bureaucracy?".

China

- China versus America: war in the Pacific?
- 50 years after Baodiao: How Hong Kong struggled against all nationalisms
- What is missing from the debate about the China-US contest
- What Was Chinese Trotskyism?
- Xi Jinping sings his praises to the CCP Central Committee

Imperialism

- Globalization from Christopher Columbus, Vasco da Gama and Ferdinand Magellan until today
- A weakened but still toxic imperialism
- The Jakarta stage of Imperialism: Indonesia 1965, Singularity and Magnitude of a Model Catastrophe
- Reflections of an Anti-Imperialist after Ten Years of Debate
- Their anti-imperialism and ours

Pierre Rousset

Pierre Rousset is a member of the leadership of the Fourth International particularly involved in solidarity with Asia. He is a member of the NPA in France.

International Viewpoint is published under the responsibility of the Bureau of the Fourth International. Signed articles do not necessarily reflect editorial policy. Articles can be reprinted with acknowledgement, and a live link if possible.

Re: IIPPE-International discussion on China

(See attachment for the WHOLE DOCUMENT BELOW)

All: Some COMMENTS by JD on the highlights on this IIPPE report, in which international experts assess China in the context of world imperialisms

JD: Evidently these IIPPE Marxist analysts are unconcerned(?) or simply lacking knowledge of certain widely-accepted concepts since the last century, originating with the then respected Fourth International current – namely, the precise and meaningful concept of "workers states" (also "deformed-" or "degenerated-workers states – naming those with nationalized economies won by revolution or Red Army occupation following World War 2. These were without exception ruled by post-capitalist bureaucracies under the strict and sometimes precarious control of Moscow in the name of the victorious proletariat (as opposed to being regimes of individuals loyal to and representing the interest of the previously capitalist class; also, not allowed to survive in a subsidiary role and coddled by the state and army, as under Mao!)

These concepts were a valuable acquisition of the Trotskyist movement, ensuring an accurate assessment of the dynamics of states on the road towards socialism, under condition of future political revolutions being necessary in order to establish genuine socialist democracy. The case of Cuba mirrors the historical achievement of the Russian Revolution's first five years of soviet rule, but without soviets which were replaced by the mobilization of Cuban peasants and workers as the armed insurrection of the July 26 movement swept to power (Che's key victory at Santa Clara was made possible not only because of the winning of rural workers' support but by strikes of urban workers and students as well -- a history not well documented).

The above repetition of basics is necessary because these concepts are largely unacknowledged or set aside by the multifaceted "Marxist" left today (and seemingly reflected in the views of the Fourth International as well.) These concepts are vital for this discussion since they determine our political prognosis of current events in Cuba on a class basis.

As for the Chinese Revolution, it was judged by the F.I. since the turn of the century as a society as such – a "workers' state" on the road to socialism, weighed down by its Maoist/Stalinist deformations. In the case of China, the Revolution obliterated any period of genuine "bolshevik" clarity, totally lacking a clear communist ideology – a major fault which has retarded and compromised its "workers' state" status since birth. As the present ruling bureaucracy degenerates (for historic reasons the Chinese proletariat and peasantry has been unable to establish the prime organs of proletarian democracy -- the Soviets -- having been suppressed since the time of the Stalinist Comintern in the mid-1920s, right through to the Menshevik policies of Mao tse-tung, aided by the fractured nature of scattered industrial cities and the lack of independent labor politics. (The inspired history of early days of the Russian Revolution by the young American journalist John Reed is in stark contrast with the passive politically naive account of another young American Mao-inspired historian -- Edgar Snow.)

The post-Mao regime has no concept of developing a socialist economy beyond a base for the bureaucratic state apparatus, seeking instead to attract domestic and foreign private capital as a

subordinate economic engine providing capital to hasten the transformation of the hugely backward industrial infrastructure, both to bolster the "SOE"s (state) economy and the bureaucracy itself.

As China becomes a hybrid multi-class state, and as the bureaucracy itself becomes an oppressive layer riddled with capitalists and speculative profiteering, that bureaucracy is in danger of harbouring a "Bonapartist" single leader, bringing the threat of counter-revolution to the fore -- duplicating the collapse of the Russian Soviet state in 1991, as its "nomenclatura" plundered all State assets, seizing them as privately-owned and operated entities (crimes sheltered by the new "Bonaparte" (Putin) backed up by the long-purged and passive Soviet armed forces!)

(Speculative observation: the armed forces of any State if not provoked to seize leadership of the State will follow either the national capitalists or its organized socialist forces – as in Venezuela and Bolivia – depending of which offers immediate security of those forces.)

(This is my contribution toward a description of the collapse of the most important revolutionary upheavals that human society has produced – 1917 and 1949 – the future of the latter epochal revolution requires our objective and close analysis .)

(end of comments by J.D.)

*****

Some notes on the IIPPE discussion: imperialism, China and finance

(excerpts from essay By Michael Roberts, Sept. 30, 2021)

(See also the lengthy correspondence following.)

PAGE 1

QUOTE: "The 2021 conference of the International Initiative for the Promotion of Political Economy (IIPPE) took place a couple of weeks ago, but only now I have had time to review the many papers presented on a range of subjects relating to political economy. IIPPE has become the main channel for Marxist and heterodox' economists to present their theories and studies in presentations. Historical Materialism conferences also do this, but HM events cover a much wider range of issues for Marxists. The Union for Radical Political Economy sessions at the annual mainstream American Economics Association conference do concentrate on Marxist and heterodox economics contributions, but IIPPE involves many more radical economists from around the world."

(...)

PAGE 2

QUOTE: "The imperialist countries are the same ‘usual suspects’ that Lenin identified in his famous work, Imperialism, some 100 years ago. None of the so-called large ‘emerging economies’ are making net gains in trade or investments – indeed they are net losers to the imperialist bloc – and that includes China. Indeed, the imperialist bloc extracts more surplus value out of China than out of many other peripheral economies. The reason is that China is a huge trading nation; and it is also technologically backward compared to the imperialist bloc. So given international market prices, it loses some of the surplus value created by its workers through trade to the more advanced economies. This is the classical Marxist explanation of ‘unequal exchange’ (UE)."

(...)

PAGES 3-4

QUOTE: "In sum, our evidence shows that imperialism is an inherent feature of modern capitalism. Capitalism’s international system mirrors its national system (a system of exploitation): exploitation of less developed economies by the more developed ones. The imperialist countries of the 20th century are unchanged. There are no new imperialist economies. China is not imperialist on our measures. The transfer of surplus value by UE in international trade is mainly due to the technological superiority of companies in the imperialist core but also due to a higher rate of exploitation in the ‘global south’. The transfer of surplus value from the dominated bloc to the imperialist core is rising in dollar terms and as a share of GDP."

(...)

PAGE 6

QUOTE: "The great hope of the 1990s, as promoted by mainstream development economics that Brazil, Russia, India, China and South Africa (BRICS) would soon join the rich league by the twenty-first century, has proven to be a mirage. These countries remain also-rans and are still subordinated and exploited by the imperialist core. There are no middle-rank economies, halfway between, which could be considered as ‘sub-imperialist’ as some Marxist economists argue. King shows that imperialism is alive and not so well for the world’s people. And the gap between the imperialist economies and the rest is not narrowing – on the contrary. And that includes China, which will not join the imperialist club." (JD: NB!)

"Talking of China, there were several sessions on China organised by the IIPPE China working group. The sessions were recorded and are available to view on the IIPPE China You tube channel. The session covered China’s state system; its foreign investment policies; the role and form of planning in China and how China dealt with the COVID pandemic.

(...)

PAGE 7

QUOTE: "There was also a session on Is China capitalist?, in which I submitted a presentation entitled, When did China become capitalist? The title is a bit tongue in cheek, because I argued

that since the 1949 revolution that threw out the comprador landlords and capitalists (who fled to Formosa-Taiwan), China has no longer been capitalist. The capitalist mode of production does not dominate in the Chinese economy even after the Deng market reforms in 1978. In my opinion, China is a 'transitional economy' like the Soviet Union was, or North Korea and Cuba are now."

"In my presentation, I define what a transitional economy is, as Marx and Engels saw it. China does not meet all the criteria: in particular, there is no workers democracy, no equalisation or restrictions on incomes; and the large capitalist sector is not steadily diminishing. But on the other hand, capitalists do not control the state machine, the Communist party officials do; the law of value (profit) and markets do not dominate investment, the large state sector does; and that sector (and the capitalist sector) are under an obligation to meet national planning targets (at the expense of profitability, if necessary)."

"If China were just another capitalist economy, how do we explain its phenomenal success in economic growth, taking 850m Chinese off the poverty line?; and avoiding any economic slumps that the major capitalist economies have suffered on a regular basis? If it has achieved this with a population of 1.4bn and yet it is capitalist, then it suggests that there can be a new stage in capitalist expansion based on some state-form of capitalism that is way more successful than previous capitalisms and certainly more than its peers in India, Brazil, Russia, Indonesia or South Africa. China would then be a refutation of Marxist crisis theory and a justification for capitalism. Fortunately, we can put China's success down to its dominant state sector for investment and planning, not to capitalist production for profit and the market."

PAGE 8

(...)

QUOTE: "For me, China is in a 'trapped transition'. It is not capitalist (yet) but it is not moving towards socialism, where the mode of production is through collective ownership of the means of production for social need with direct consumption without markets, exchange or money. China is trapped because it is still backward technologically and is surrounded by increasingly hostile imperialist economies; but it is also trapped because democratic workers organisations do not exist and the CP bureaucrats decide everything, often with disastrous results.

"Of course, this view of China is a minority one. Western 'China experts' are in one voice that China is capitalist and a nasty form of capitalism to boot, not like the 'liberal democratic' capitalisms of the G7. Also, the majority of Marxists agree that China is capitalist and even imperialist. At the session, Walter Daum argued that, even if the economic evidence suggests that China is not imperialist, politically China is imperialist, with its aggressive policies towards neighbouring states, its exploitative trade and credit relations with poor countries and its suppression of ethnic minorities like the Uyghars in Xinjiang province. Other presenters, like Dic Lo and China's Cheng Enfu, did not agree with Daum, with Cheng characterising China as "socialist with elements of state capitalism", an odd formulation that sounds confusing." (...)

(END OF SELECTION)

LINK TO THE COMPLETE DOCUMENT & NOTES

https://thenextrecession.wordpress.com/2021/09/30/iippe-2021-imperialism-china-and-finance/

"MAIN CONCLUSIONS -- IMPERIALISM RULES " (by Michael Roberts)

• The evidence shows that imperialism is an inherent feature of modern capitalism. Capitalism's international system mirrors its national system (a system of exploitation): exploitation of less developed economies by the more developed ones.

• The imperialist countries of the 20th century are unchanged. There are no new imperialist economies.

• China is not imperialist on our measures.

• The transfer of surplus value by UE in international trade is mainly due to the technological superiority of companies in the imperialist core but also due to a higher rate of exploitation in the 'global south'.

• The transfer of surplus value from the dominated bloc to the imperialist core is rising in dollar terms and as a share of GDP The long-term appropriation of surplus value

• By economic imperialism we mean the long-term international appropriation of surplus value by the imperialist countries from dominated countries.

• In the appropriation of surplus value, the level of technological development plays the central role. Imperialism refers first to the appropriation of surplus value by high technology companies from low technology companies in different countries. But imperialism refers also to flows of value between countries.

• So imperialist countries can be defined as those with a persistent high number of high technology companies as measured by their high national average OCC and thus whose average technological development is higher than the national average of other countries, which are thus economically dominated on this account."

(JD--NEXT IS A SELECTION OF 3 items selected from the end comments)

END COMMENTS

1. Comments

"VK: Other presenters, like Dic Lo and China's Cheng Enfu, did not agree with Daum, with Cheng characterising China as "socialist with elements of state capitalism", an odd formulation that sounds confusing."

Why is that confusing?

Capitalism itself existed in a mixed system with feudalism for centuries before it could exist in a “pure” form. So, unless you want to erase 300 years of history of capitalism, I don’t think you could argue it was born ready, from the minds of a group of liberal thinkers.

This sounds even more ironic because the author of this blog comes from a country that still has a royal family. I don’t think there’s any economic theory of capitalism that explains the existence of parliamentary monarchy.

2. comments -

"Ucanpolitical: This is like ground hog day. Two years ago, during your last report it also focused on the nature of imperialism. At the time I criticised your view on the transfer of surplus value to the dominant economies. You even forced me to write two articles in response. Firstly you understated the flow using your own calculations. I provided a method of using the variation between the IPI (Import Price Index) in the USA and the PPI (Producer Price Index) which yielded a flow of 4% similar to Ricci’s study which you quote. I also analysed the global car industry to show that super-exploitation, which you reject, does occur between workers of similar productivity, using similar compositions of capital but who suffer much lower real wages. If you don’t believe me ask the German executives who run Volkswagen and Mercedes Benz in China. In response to one of the comments in this post, the BEA (Bureau of Economic Analysis in the USA) redefined manufacturers who discontinued their US operations and outsourced them to China, as no longer manufacturers but wholesalers. They know a thing or two. So the profits of these wholesalers now originated in China."

https://theplanningmotivedotcom.files.wordpress.com/2019/11/super-exploitation-pdf.pdf

3=comments

"John: My main concern is this imperialist navel gazing through defining imperialism by use of category rather than empirical data. In the two years since the last conference China has perfected its first modern fighter jet engine, next year it will be producing 14nm chips, the backbone of the industry, using recently developed Chinese equipment from A to Z. KPMG warned Trump that his embargoes would force the Chinese to develop their own technical architecture which they are rapidly doing. Why do you think the US is scrambling to assemble a military coalition of the Anglo-Saxons to confront China, because it knows the writing is on the wall. The US, when it loses its technical supremacy loses everything. That is what turns economic competition into military confrontation. This approach is so much more exciting than the sterile debate whether China is a sub-imperialist economy, which it is, or a fully fledged one.

"Finally, what is driving all this, including constipated supply chains? It is the exhaustion of the phase of globalisation beginning in 2014 in the dominant countries and ending in 2016 in the dominated countries. It was this collapsed profitability that intensified competition, which broke up arrangements, that led to more intense cost cutting particularly in the realm of supply chains

and just in time. And so here we are, with Stock Markets trembling at the prospect of a broken world economy. Surely that is what the academics in this conference should have been pre-occupied with."

(end of document & selections == JD)

IIPPE 2021: imperialism, China and finance

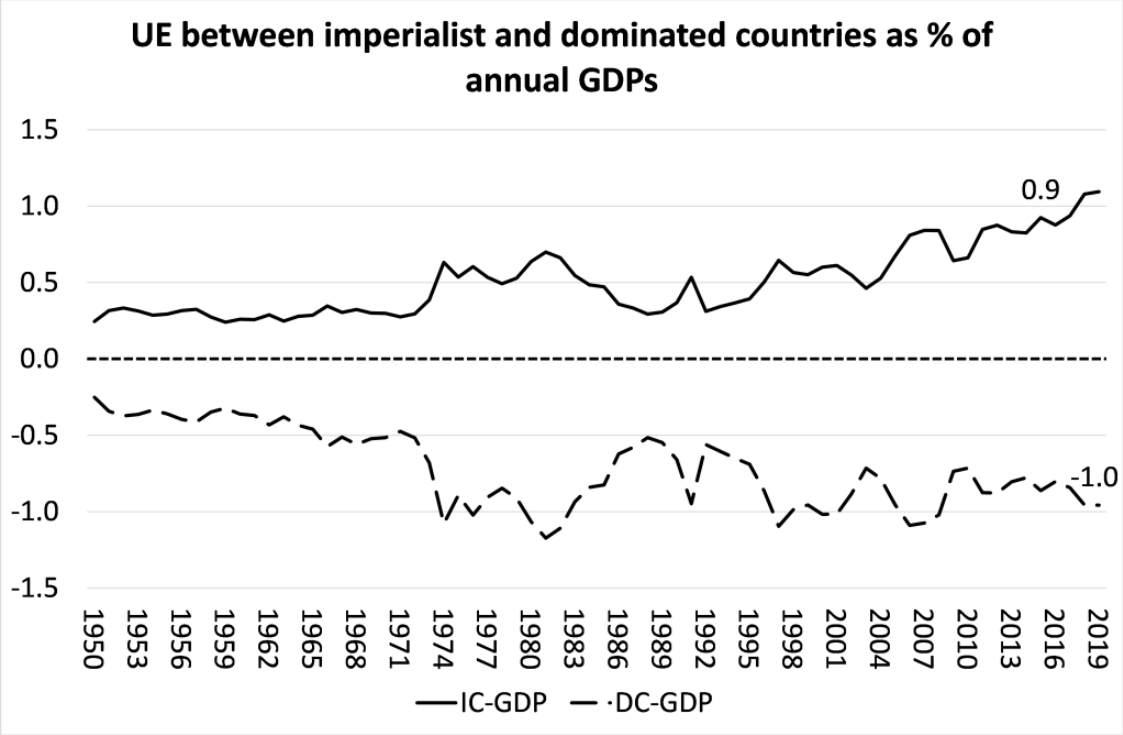
JD highlights

The 2021 conference of the International Initiative for the Promotion of Political Economy (IIPPE) took place a couple of weeks ago, but only now I have had time to review the many papers presented on a range of subjects relating to political economy. **IIPPE has become the main channel for Marxist and heterodox' economists to present their theories and studies in presentations. Historical Materialism conferences also do this, but HM events cover a much wider range of issues for Marxists.** The Union for Radical Political Economy sessions at the annual mainstream American Economics Association conference do concentrate on Marxist and heterodox economics contributions, but **IIPPE involves many more radical economists from around the world**.

That was especially the case this year because the conference was virtual on zoom and not physical (maybe next year?). But there were still many papers on a range of themes guided by various IIPPE working groups. Themes included monetary theory, imperialism, China, social reproduction, financialisation, work, planning under socialism etc. It is obviously not possible to cover all the sessions or themes; so in this post I shall just refer to ones that I attended or participated in.

The first theme for me was the nature of modern imperialism with sessions that were organised by the World Economy working group. I presented a paper, entitled The economics of modern imperialism, jointly authored by Guglielmo Carchedi and myself. **In the presentation we argue, with evidence, that imperialist countries can be defined economically as those that *systematically* gain net profit, interest and rents (surplus value) from the rest of the world through trade and investment. These countries are small in number and population (just 13 or so qualify under our definition).**

We showed in our presentation that this imperialist bloc (IC in graph below) gets something like 1.5% of GDP each year from 'unequal exchange' in trade with the dominated countries (DC in graph) and another 1.5% of GDP from interest, repatriation of profits and rents from its capital investments abroad. As these economies are currently growing at no more than 2-3% a year, this transfer is a sizeable support to capital in imperialist economies.

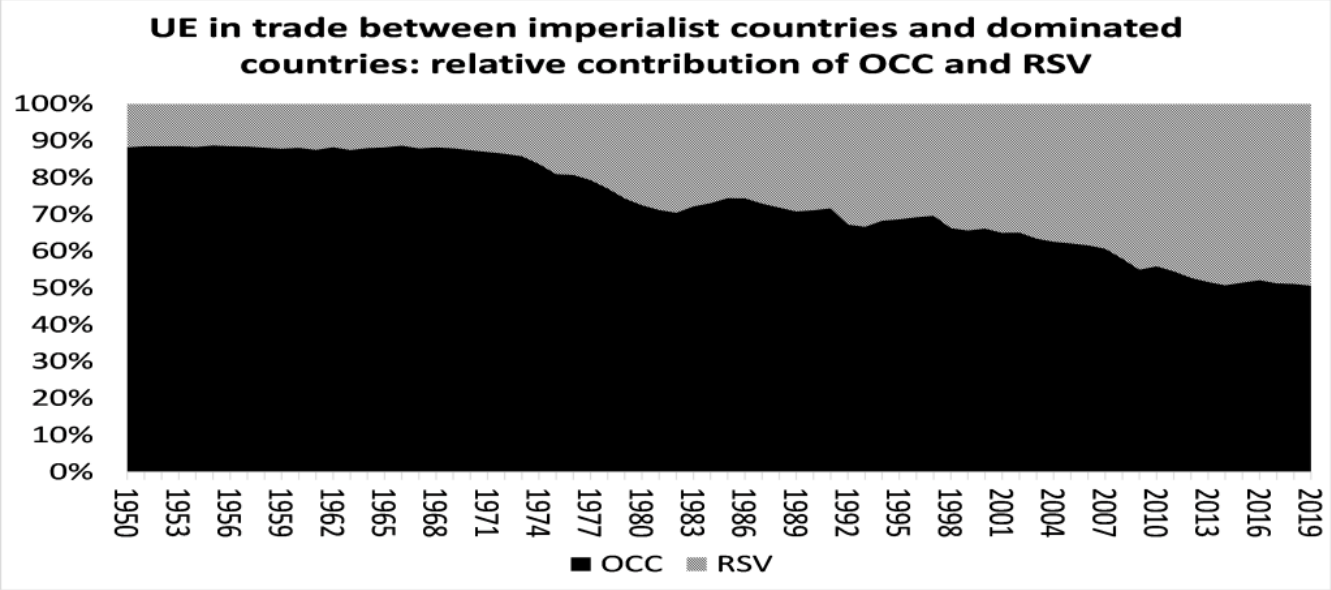


The imperialist countries are the same 'usual suspects' that Lenin identified in his famous work, Imperialism, some 100 years ago. None of the so-called large 'emerging economies' are making net gains in trade or investments – indeed they are net losers to the imperialist bloc – and that includes China. Indeed, the imperialist bloc extracts more surplus value out of China than out of many other peripheral economies. The reason is that China is a huge trading nation; and it is also technologically backward compared to the imperialist bloc. So given international market prices, it loses some of the surplus value created by its workers through trade to the more advanced economies. This is the classical Marxist explanation of 'unequal exchange' (UE).

But in this session, this explanation of imperialist gains was disputed. John Smith has produced some compelling and devastating accounts of the exploitation of the Global South by the imperialist bloc. ***In his view, imperialist exploitation is not due to 'unequal exchange' in markets between technologically advanced economies (imperialism) and those less advanced (the periphery), but due to 'super-exploitation'.*** *Workers in the Global South have had their wages driven below even the basic levels for reproduction and this enables imperialist companies to extract huge levels of surplus value through the 'value chain' of trade and intra-company mark-ups globally. Smith argued in this session that trying to measure surplus value transfers from trade using official statistics like the GDP of each country was 'vulgar economics' which Marx would have rejected because GDP is a distorted measure that leaves out a major part of exploitation of the Global South.*

Our view is that, even if GDP does not capture all the exploitation of the Global South, our unequal exchange measure still shows a huge transfer of value from the peripheral dependent economies to the imperialist core. Moreover, our data and measure do not deny that much of this surplus value extraction comes from higher exploitation and lower wages in the Global South. But we say that this is a reaction of Southern capitalists to their inability to compete with the technologically superior North. And remember it is mostly the Southern capitalists that are doing the 'super exploiting' not the Northern capitalists. The latter get a share through trade of any extra surplus value from higher rates of exploitation in the South.

Indeed, we show in our paper, the relative contributions to the transfer of surplus value from superior technology (higher organic composition of capital) and from exploitation (rate of surplus value) in our measures. **The contribution of superior technology is still the main source of unequal exchange**, but the share from different rates of surplus value has risen to nearly half.



Andy Higginbottom in his presentation also rejected the classical Marxist unequal exchange theory of imperialism presented in the Carchedi-Roberts paper, but on different grounds. He reckoned that the equalisation of profit rates through the transfers of individual surplus values into prices of production was inadequately done in our method (which followed Marx). So our method could not be correct or even useful to start with.

In sum, our evidence shows that imperialism is an inherent feature of modern capitalism. Capitalism's international system mirrors its national system (a system of exploitation): exploitation of less developed economies by the more developed ones. The imperialist countries of the 20th century are unchanged. There are no new imperialist economies.

China is not imperialist on our measures. The transfer of surplus value by UE in international trade is mainly due to the technological superiority of companies in the imperialist core but also due to a higher rate of exploitation in the 'global south'. The transfer of surplus value from the dominated bloc to the imperialist core is rising in dollar terms and as a share of GDP.

In our presentation, we reviewed other methods of measuring 'unequal exchange' instead of our 'prices of production' method – and there are quite a few. At the conference, there was another session in which Andrea Ricci updated his invaluable work on measuring the transfer of surplus value between the periphery and the imperialist bloc using world input-output tables for the trading sectors and measured in PPP dollars. Roberto Veneziani and colleagues also presented a mainstream general equilibrium model to develop an 'index of exploitation' that shows the net transfer of value in trade for countries. Both these studies supported the results of our more 'temporal' method.0

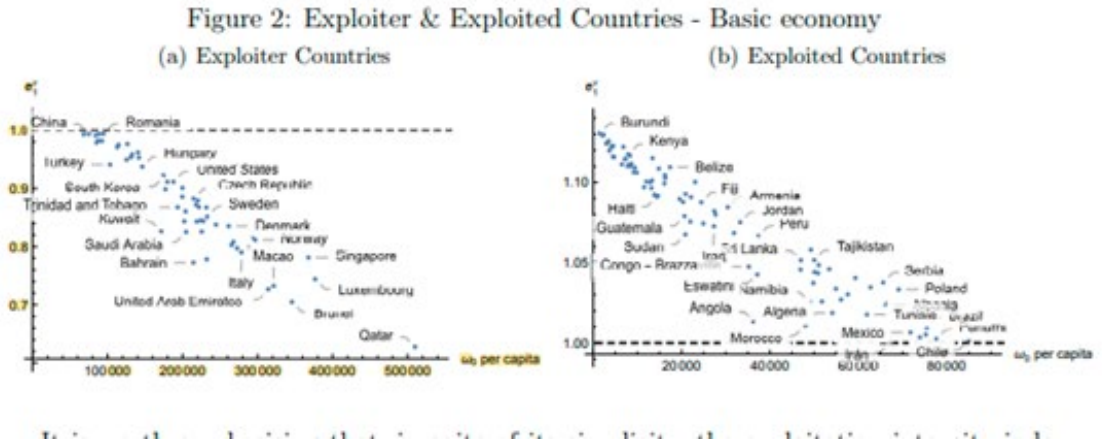
In Ricci's study there is a 4% annual net transfer of surplus value in GDP *per capita* to North America; nearly 15% per capita for Western Europe and near 6% for Japan and East Asia. On the other side, there is net loss of annual per capita GDP for Russia of 17%; China 10%, Latin America 5-10% and 23% for India!

Table 2. Per capita unequal exchange, 1995-2019.
Source: own elaborations on World Bank and Ricci (2021b) data.

Annual per capita transfers	in current dollars			in % of per capita GDP		
	1995	2007	2019	95-19	95-07	07-19
North America	761	1,965	2,680	***3.9***	*3.7*	*4.1*
EMU	1,720	4,939	4,836	***10.3***	*8.5*	*12.2*
West Europe	2,429	7,531	6,921	***12.7***	*10.6*	*14.8*
East Asia	1,984	1,766	2,540	***5.8***	*5.9*	*5.7*
Oceania	526	2,626	3,638	***7.1***	*4.5*	*9.8*
China	-196	-810	-426	***-14.1***	*-19.0*	*-10.0*
Russia	-767	-1,108	-1,850	***-29.7***	*-40.9*	*-17.2*
East Europe	-901	-615	-1,309	***-14.7***	*-18.9*	*-9.9*
South America	-269	-472	-490	***-6.1***	*-8.4*	*-3.9*
Central America	-471	-379	-454	***-11.9***	*-13.6*	*-9.8*
Middle East	-1,443	-1,502	-950	***-18.9***	*-24.8*	*-12.8*
South Asia	-77	-220	-351	***-21.5***	*-20.2*	*-23.0*
Southeast Asia	-463	-1,350	-1,631	***-46.8***	*-53.9*	*-40.3*
Central Asia	-272	-380	-924	***-11.9***	*-13.6*	*-9.8*
North Africa	-426	-1,099	-1,034	***-30.7***	*-31.6*	*-30.4*
S. Sahara Africa	-65	-120	-132	***-10.0***	*-11.6*	*-8.3*

In the Veneziani et al study, "all of the OECD countries are in the core, with exploitation intensity index well below 1 (ie less exploited than exploiting); while nearly all of the

African countries are exploited, including the twenty most exploited." The study puts China on the cusp between exploited and exploited.



On all these measures of imperialist exploitation, China does not fit the bill, as least economically. And that is the conclusion also reached in another session that launched a new book on imperialism by Australian Marxist economist, Sam King. Sam King's compelling book proposes that Lenin's thesis was correct in its fundamentals namely, that capitalism had developed into what Lenin called 'monopoly finance capital'. The world has become polarised into rich and poor countries with no prospect of any of the major poor societies ever making it into the rich league anymore. A hundred years later no country that was poor in 1916 has joined the exclusive imperialist club (save for the exception of Korea and Taiwan, which specifically benefited from the 'cold war blessings of US imperialism').

The great hope of the 1990s, as promoted by mainstream development economics that Brazil, Russia, India, China and South Africa (BRICS) would soon join the rich league by the twenty-first century, has proven to be a mirage. These countries remain also-rans and are still subordinated and exploited by the imperialist core. There are no middle-rank economies, halfway between, which could be considered as 'sub-imperialist' as some Marxist economists argue. *King shows that imperialism is alive and not so well for the world's people.* ***And the gap between the imperialist economies and the rest is not narrowing – on the contrary. And that includes China, which will not join the imperialist club.***

Talking of China, there were several sessions on China organised by the IIPPE China working group. The sessions were recorded and are available to view on the IIPPE China You tube channel. The session covered China's state system; its foreign investment policies; the role and form of planning in China and how China dealt with the COVID pandemic.

There was also a session on Is China capitalist?, in which I submitted a presentation entitled, When did China become capitalist? The title is a bit tongue in cheek, because I

argued that since the 1949 revolution that threw out the comprador landlords and capitalists (who fled to Formosa-Taiwan), China has no longer been capitalist. The capitalist mode of production does not dominate in the Chinese economy even after the Deng market reforms in 1978. In my opinion, China is a 'transitional economy' like the Soviet Union was, or North Korea and Cuba are now.

In my presentation, I define what a transitional economy is, as Marx and Engels saw it. China does not meet all the criteria: in particular, there is no workers democracy, no equalisation or restrictions on incomes; and the large capitalist sector is not steadily diminishing. But on the other hand, capitalists do not control the state machine, the Communist party officials do; the law of value (profit) and markets do not dominate investment, the large state sector does; and that sector (and the capitalist sector) are under an obligation to meet national planning targets (at the expense of profitability, if necessary).

If China were just another capitalist economy, how do we explain its phenomenal success in economic growth, taking 850m Chinese off the poverty line?; and avoiding any economic slumps that the major capitalist economies have suffered on a regular basis? If it has achieved this with a population of 1.4bn and yet it is capitalist, then it suggests that there can be a new stage in capitalist expansion based on some state-form of capitalism that is way more successful than previous capitalisms and certainly more than its peers in India, Brazil, Russia, Indonesia or South Africa. China would then be a refutation of Marxist crisis theory and a justification for capitalism. Fortunately, we can put China's success down to its dominant state sector for investment and planning, not to capitalist production for profit and the market.

For me, China is in a 'trapped transition'. It is not capitalist (yet) but it is not moving towards socialism, where the mode of production is through collective ownership of the means of production for social need with direct consumption without markets, exchange or money. China is trapped because it is still backward technologically and is surrounded by increasingly hostile imperialist economies; but it is also trapped because democratic workers organisations do not exist and the CP bureaucrats decide everything, often with disastrous results.

Of course, this view of China is a minority one. Western 'China experts' are in one voice that China is capitalist and a nasty form of capitalism to boot, not like the 'liberal democratic' capitalisms of the G7. Also, the majority of Marxists agree that China is capitalist and even imperialist. At the session, Walter Daum argued that, even if the economic evidence suggests that China is not imperialist, politically China is imperialist, with its aggressive policies towards neighbouring states, its exploitative trade and credit relations with poor countries and its suppression of ethnic minorities like the Uyghars in Xinjiang province. Other presenters, like Dic Lo and China's Cheng Enfu, did not agree with Daum, with Cheng characterising China as "socialist with elements of state capitalism", an odd formulation that sounds confusing.

Finally, I must mention a few other presentations. First, on the vexed question of financialisation. The supporters of 'financialisation' argue that capitalism has changed over the last 50 years from a production-oriented economy into one dominated by the finance sector and it is the vissitudes of this unstable sector that cause crises, not the problems of profitability in the productive sectors, as Marx argued. This theory has dominated the thinking of post-Keynesian and Marxist economists in the last few decades. But there is plenty of growing evidence that the theory is not only wrong theoretically but also empirically.

And at IIPPE, Turan Subasat and Stavros Mavroudeas presented yet more empirical evidence to question 'financialisation' in their paper entitled: The financialization hypothesis: a theoretical and empirical critique. Subasat and Mavroudeas find that the claim that most of the largest multinational companies are 'financial' is wrong. Indeed, the share of finance in the US and the UK has not increased over the last 50 years; and over the last 30 years, the financial sector share in GDP declined by 51.2% and the financial sector share in services declined 65.9% in the countries studied. And there is no evidence that the expansion in the financial sector is a significant predictor of the decline in the manufacturing industry, which has been caused by other factors (globalisation and technical change).

And there were some papers that continued to confirm Marx's monetary theory, namely that interest rates are not determined by some 'natural rate of interest' from the supply and demand of savings (as the Austrians argue) or by liquidity preference ie hoarding of money (as the Keynesians claim), but are limited and driven by movements in the profitability of capital and thus the demand for investment funds. Nikos Stravelakis offered a paper, that showed corporate net profits are positively related to bank deposits and net to gross profits are positively related to the loan deposit ratio and that 60% of the variations in the interest rates can be explained by changes in the rate of profit. And Karl Beitel showed the close connection between the long-term movement of profitability in the major economies in the last 100 years (falling) and the rate of interest on long-term bonds (falling). This suggests that there is a maximum level of interest rates, as Marx argued, determined by the rate of profit on productive capital, because interest comes only from surplus value.

Finally, something that was not at IIPPE but adds yet more support for Marx's law of the tendency of the profit rate to fall. In the book, World in Crisis, co-edited by Carchedi and me, lots of Marxist economists presented empirical evidence of the falling rate of profit on capital from many different countries. Now we can add yet another. In a new paper, Economic Growth and the Rate of Profit in Colombia 1967-2019, Alberto Carlos Duque from Colombia shows the same story as we have found elsewhere. The paper finds that the movement in the rate of profit is "in concordance with Marxian theory predictions, and affects positively the growth rate. And the GDP growth rate is affected by the profit rate and the accumulation rate is in an inverse relationship between these last variables."

So the results “are consistent with and provide empirical support for the Marxian macroeconomic models reviewed in this paper. In those models, the growth rate is a process driven by the behaviour of the rate of accumulation and rate of profit. Our econometrical analyses provide empirical support for the Marxian claim about the fundamental role of the rate of profit, and its constituent elements, in the accumulation of capital and, consequently, in the in the economic growth.”

1967-Maitan,Livio:Party,Army and Masses in China- NLB-GB

--ed.annotations JD-Nov.1/22

16 - The Social Nature of China

Before we embark on any critical analysis of the many contradictions that characterize Chinese society, our point of departure for any overall assessment must be that the revolution which culminated in the overthrow of Chiang Kai-shek's regime was a decisive event in the history of this century, not only for China and Asia but for the whole world. Whatever has happened since, the fact remains that the revolution, by destroying the old ruling classes and relations of production and introducing collectivist relations, succeeded in unifying an immense country in which all sorts of centrifugal forces were at work, put it on the road to industrialization and enabled it, in an historically short period of time, to eliminate age-old scourges, to set up social relations which despite bureaucratic distortions represent an immeasurable advance, and to transform what was formerly the object of inter-imperialist rivalries into a protagonist of world politics.

In order that no one should be tempted to misinterpret the analyses set forth in this book, we would simply mention the parallel between the fate of China and that of India. Twenty-five years' experience has left no room for ambiguity. Whereas China has emancipated herself completely from imperialist control, India is more than ever subject to imperialist penetration. Whereas China has overthrown age-old class barriers, India is still characterized by polarizations bordering on the grotesque and by the survival of a barbarous caste spirit. Whereas China has more or less succeeded in unifying the country, India is in the grip of violent centrifugal forces. Whereas China has set out on a qualitatively new path of economic development, India has witnessed the failure even of her economic plans and is unable to protect her people from the recurrent tragedy of famine. Whereas China has no foreign debts, India has indebted herself to a colossal extent. At the root of this evolution lies the qualitative difference in the mode of production and the social regime.

However, if we wish to understand the real meaning of events in China we cannot ignore the contradictions that exist within contemporary Chinese society. Foremost among these contradictions, which are proper to a society in transition from capitalism to socialism, is the one between the collective nature of the mode of production and the norms of distribution which, to quote the definition of Marx and Lenin, remain bourgeois. These contradictions, as happened in the USSR, are all the more acute because China before the revolution was an enormously backward country and was not able to insert itself into a supranational socialist economic system. Finally, they express themselves in a specific way, that is they are aggravated and magnified by the growth of a bureaucratic layer and by bureaucratic management.

The situation which we outlined in the first part of this volume and which, if our analysis is correct, remains substantially the same today, was the result of negative or contradictory aspects of the course of the revolution, both before and after the seizure of power. **One first contradiction was the fact that the Party at the head of the revolutionary struggle, though non-peasant in origin, ideology and international connections, was for many years separated from its proletarian matrix,** led a movement almost exclusively composed of peasants and performed the functions of a government in backward areas of the countryside. **The second contradiction was that although Mao and the leading group around him on various occasions adopted positions which differed**

from and even conflicted with those of Stalin and the Kuomintang, attempting to exploit, under cover of formal compliance, all the margins of autonomy permitted by a special situation, they nevertheless underwent the same process of Stalinization that affected all the Communist Parties (the picture of Mao as completely immune from Stalinism is even more wrong than that of Mao as Stalin's faithful disciple). This had serious implications for the Party's political strategy, and above all it decisively influenced the methods of leadership and organization of the Party, which always remained firmly in control of the movement as a whole, and its methods of administration and government in the liberated areas.

There has been much talk about the egalitarian and democratic imprint which the experience of the liberated areas and the Yenan period was said to have left on the Party and its leadership. It is not our intention to throw doubt on facts brought to light by disinterested observers, or to ignore or underestimate their importance. In exceptional and highly transitory periods such as those passed through by a society building itself up during the course of a war, bureaucratic and authoritarian methods of leadership do not necessarily imply the short-term creation of conditions of privilege or social stratification: and a leadership conducting a struggle without quarter in a situation of extreme difficulty must constantly be on its guard lest its relations with the masses deteriorate. **But that does not mean to say that a training such as the communist parties of the thirties received and the Stalinist methods in force even in the Chinese Party did not have serious and lasting consequences**. There is, moreover, another aspect of the problem that deserves a fuller analysis, but which we can only briefly touch on here. The Mao Tse-tung group, during the years of the anti-Japanese war and the civil war, was not only at the head of a Party that controlled a mainly peasant army, but also acted as the government of a portion of Chinese society which began to grow considerably (in 1934, according to Snow,(**see below*). **Mao put the population controlled by the Soviet government of that period at roughly 9 million; later, after the long march at the time of the Sian incident, the population of the liberated areas was some two million, but gradually began to grow again until it reached several tens of millions in 1943 and more than 95 million in 1945). The character and the orientations of the leadership were necessarily conditioned by this factor, 'by the actual — and not the theoretical — part that it played in a society in the process of being transformed but in which few collectivist structures had been introduced, a society dominated by a small and middle peasant economy and in which the political apparatus of the Party and the state was forced to use Bonapartist techniques in order to maintain the equilibrium.'**

*Very interesting information on the pre-iperiod can be found in Snow's *Red Star Over China,* London 1968, and in 13e1den's *China Shakes the World,* New York I97o. For the positions of Mao and the Chinese Communists we should also mention Deutscher's study, 'The Origins of Maoism', *Socialist Register 1964.* Mark Selden, *The Yenan Way in Revolutionary China,* Cambridge, Mass. 1971, documents the base areas in the anti-Japanese *war. .4 Documentary History of Chinese Communism,* New York 1966, edited by Brandt, Schwartz and Fairbank, presents a broad survey of documents from 1921 to 1950. Milovan Djilas and Vladimir Dedijer describe the differences between Mao and Stalin in 1945-46 in *Conversations with Stalin,* London 1962, and *Tito Speaks,* London 1953. H. R. Isaacs' book *The Tragedy of the Chinese Revolution,* New York 5966, is an important source for the events and polemics of 1925-27. For Trotsky's position, see *The Problems of the Chinese Revolution,* London 1969, as well as *The Permanent Revolution, The Third International after Lenin* and *The Chinese Revolution (Problems and Perspectives),* New York.

The failure to smash the old state machine and replace it with entirely new bodies had a particularly adverse effect on developments after the seizure of power. Instead, there developed a hybrid form, which meant that the old structure, methods and personnel continued to exercise an important influence (this was frequently admitted in the polemics that took place during the (“)cultural revolution(“). All this resulted from bureaucratic ideas in general and more particularly from the Maoist view current at that time of the nature and tempo of the revolutionary process (the aim was not the overthrow of capitalism but a so-called 'new democratic' regime of indefinite duration). In practice certain formulas broke down, but not before a number of compromises had been made: and the

consequences of these compromises were not automatically eliminated. **Real organs of workers' and peasants' democracy were not set up and the dominant apparatus drew away from the masses. This resulted in the formation of privileged strata, the slowing down of the rate of economic growth, the appearance of distortions and imbalances in the development of the economy and a failure to make full use of all the potential inherent in the new mode of production.**

In the final analysis, the (“)cultural revolution(“) was determined by the developments that had gradually been taking place in Chinese society and which we briefly analysed in the first part of this volume. **The leadership itself was forced to seek a way out, all the more so because of the international crisis of the bureaucratic system and its own rejection of the alternative solutions adopted in the USSR after Stalin's death and the Twentieth Congress**. The various social forces in the country rushed to the apertures created by the conflicts at the top and the decision of the Maoist group to mobilize first the students and then the workers and peasants, and seized the opportunity to express their aspirations and impose solutions in keeping with their interests.

If the analysis we have made is a correct one, the (“)cultural revolution(“) did not involve a qualitative leap over the previous phase. Not only the basic relations of production but also the forms of organization and management of the productive apparatus in both agriculture and industry, together with social and political relations, have remained qualitatively the same, in spite of some quantitative changes that were often more talked about than put into practice. On the level of ideology, the revival of concepts formulated in other periods, in particular 1958-60, got the better of new ideas and emphases.

If there was any new element, it lay not so much in the instigation of a mass campaign — there were precedents for this too in the history of the Party and the People's Republic — as in the fact that the mobilization was conceived outside the normal channels and the normal machinery: and this aspect of the movement came more and more to the fore as it deepened and spread. But not even this factor, however important and capable of future developments it may have been, is in itself determining: the crucial question is how far it influenced the basic structures and political relations. We have already seen how the movement concluded with a partial and superficial reconstruction of the apparatus. For this reason, the cultural revolution was essentially a reformist movement in the framework of the society that had emerged from the victorious revolution and the subsequent process of bureaucratic involution. This was confirmed by the fact that the 'seizures of power' were expressly limited to the lower levels and not extended to the decisive centres of power. (In a speech in which he passed on Mao's instructions, the Shanghai leader Chang Ch'un-ch'iao, while criticizing extremist standpoints, had said quite clearly that 'the proletarian dictatorship can be improved only partially',[2])

2. SCMP, no. 4147, p. 2.
3.See Wheelwright and McFarlane. Op. Cit.. p. *i3S.*

To characterize the cultural revolution and its aftermath in this way does not mean that we ignore its complexity. On the contrary, an understanding of the dual nature of the movement — conflicts within the bureaucracy and a mobilization of the broadest layers of society in a campaign that tended to escape control and direction from above — is indispensable for an understanding of the crisis of 1966-69. It should be clear from this study that such an interpretation is not deduced from preconceived principles or schemes, but is founded on a mass of analytical data that can be checked, directly or indirectly, in the official sources themselves.

Nor does our characterization imply that we are unaware of the shifts that took place in the relations between the different classes and social groups. After all, such shifts are typical of any real reformist movement.

The privileged stratum left over from the past, the so-called 'national bourgeoisie', saw its influence diminish, especially in economic management and administration at those levels where seizures of power took place. No decision was taken to abolish interest payments on investments taken over by the state, even though there was talk of ending the system within the near future. (Note that huge fortunes can still be inherited without death duties in China.[3]) In the countryside the top strata in the communes did not lose their position in the structure, but emerged weakened on the ideological and political plane, given the renewed emphasis on mobilizing the lower strata. The working class, which is still very differentiated from the point of view of wages and general conditions, increased its influence, though in a distorted and indirect way, at the base of the pyramid, at the level of the production unit and, to a far lesser degree, at intermediate levels. Inside the ruling stratum it was the military bureaucracy that gained ground, especially during the decisive moments of the crisis. The purge of September 1971 removed a large part of the top PLA leadership, but, as we have already pointed out, at provincial and regional levels the army appears to have retained a strong position. More generally speaking, the cultural revolution relaunched and imposed — for how long it remains to be seen — concepts and solutions more in keeping with the inclinations and aspirations — and the interests — of the political bureaucracy and can be expected to encourage their hegemony even more.

But how did relations evolve between the masses and the bureaucracy as a whole? Whatever the more distant prospects may be, in the course of the Cultural Revolution and as a result of the movement the balance of forces tipped towards the masses. Future confrontations will therefore take place under objective conditions (given that the wear and tear suffered by the apparatus was not fully repaired during the period of reorganization) and subjective conditions (given the growth to maturity of new layers of critical young people, workers and students) more favourable to the masses than before.

As a rule, the question of the social nature of a country is not posed academically or analysed with scientific detachment; instead it is inspired by the political situation, by the forces in motion and the aspirations that animate them. Nowadays, as a result of opposing pressure from certain quarters, the tendency exists, in studying the contradictory aspects proper to a society of transition, to single out, in the case of the USSR, those elements that back up a negative characterization (i.e. as ‘a state in which capitalism has been restored' and, in the case of China, those diametrically opposed aspects that justify holding it aloft as a model transitional society breaking with capitalism. Both these approaches are radically wrong, precisely because they assess intrinsically contradictory phenomena by abstracting one of the terms of the contradiction.

Nowadays, however, an analysis of Chinese society gives us a better understanding of the typical nature and tendencies of a society in transition. In China there are fewer of those secondary phenomena of a capitalist economy which, while not implying qualitative change, complicate the analysis and encourage mistaken or biased interpretations (for example, profit has not been introduced as a regulator, the market has more limited functions, there is less stress on material incentives and there are no relations with other collectivist countries such as those that exist between the USSR and the other Comecon countries). This is why it is easier to accept the definition of China as a transitional and not a capitalist society. It is hard to deny that, after the expropriation of the old ruling classes, non-capitalist, collectivist relations of production were introduced into the industrial economy, which constitutes the most dynamic sector and is acquiring an increasingly decisive specific weight,[4] and that a typically transitory structure, with collective forms of organization of labour and restraint on the tendencies towards a reproduction of capitalism, exists in the countryside.

More generally, the exchange economy has started to wither away, since the chief means of production no longer constitute exchange values and the law of value is contained and regulated by the Plan. Thus Kung Wen-sheng wrote in an attack on Sun Yeh-fang, former Director of the Institute of Economy at the Academy of Sciences: 'In socialist society there is still commodity production and exchange and the law of value still plays a role. But socialist commodity production differs fundamentally from capitalist commodity production. In socialist society, the law of value does not play its role spontaneously as in capitalist society. It is applied consciously by the Party and the state to serve the socialist revolution and socialist construction.'[5] (In the same article he says that profit is only one of the indices of the Plan, thereby admitting that the term profit does not automatically mean profit as it operates under capitalism.)

Finally, the monopoly of foreign trade is a solid barrier to protect China from imperialist exploitation and the free play of the world market.

(Some groups, including former Maoists such as Progressive Labor in the United States, maintain that China, like Cuba and North Vietnam, is a capitalist country. If these ideas were correct, capitalism, far from being in crisis, would have given proof of exceptional historical vitality, having managed to ensure the industrialization of the USSR and the incipient industrialization of China, exploit gigantic revolutionary waves for its own ends and exercise an unopposed and unceasing hegemony, either through traditional means or through the leading parties of state capitalist countries or countries in which capitalism has somehow or another been restored. If this were true, we would certainly be forced to re-examine the whole of the Marxist analysis of capitalism and of the revolutionary role of the proletariat.)

4.Chou En-lai told Edgar Snow that agricultural output in 1970 was about 25% of total combined output of industry, transportation and agriculture. According to the (reconstructed) official data, agriculture accounted for 46 percent of the net product in 1952 and 38.6% in 1957. (Ta-chung Liu, 'Economic Development of the Chinese Mainland, 1949—x965', in Ho and Tsou (ed.), *China in Crisis,* Chicago 1968, p. 627.)

5. HNA, 13 August t966, p.33. See *HNA,* 14 November 1966, *SCMP,* 00. 3844, and *SCMM,* no. 539, for other attacks on Sun.

On the basis of the substructures mentioned above, a political apparatus, superimposed on the masses and represented in its most concentrated form in the central leadership, wields decisive powers, taking basic policy decisions and above all deciding on what to do with the surplus product. This stratum derives its power and privileges not from direct or indirect ownership of the means of production but from the functions it performs and in exchange for which, by virtue of its political dominance, it secures a privileged share in the distribution of income. Precisely because its position, historically speaking, is very precarious and because it is aware that real democratization would mean an end to its powers and to its position as a ruling stratum, it rejects — in theory as in practice — the Leninist concept of the withering away of the state and advances instead the idea that the repressive apparatus must be strengthened.

These essential characteristics of Chinese society determine, in the final analysis, the attitude of its leading groups. But for a closer understanding we should also take into account China's more specific features deriving from her special position, special traditions and experiences, etc., which enable us to develop an adequate interpretation of episodes on the scale of the Sino—Soviet split and the cultural revolution. In this sense, we can recall her experiences in the war against Japan, the Yenan period and more particularly her special position in the international context.[6]

6 But see GregorBenton, 'The Yenan Opposition', *New Left Review, 93,* July-August 1975

Mao Tse-tung's personality has synthesized and expressed the contradictions that have marked the course of the revolution, both before and after the seizure of power. After 1927 Mao criticized the policies of the Stalinist Comintern and outlined positions that pointed in a different direction to the opportunist compromise accepted at that time by the Party leadership. But for years he failed to challenge the orthodoxy of the Communist Parties and acted more or less along Stalinist lines in so far as the Party leadership and organization were concerned; he defended Stalin as a great Marxist—Leninist and continued to accept his interpretation of the events of the twenties and thirties. On occasion he expressed some of the most right-wing views in the entire world communist movement: for example, he not only supported in general the idea of collaborating with the so-called national bourgeoisie, but even put that policy into practice with Chiang Kai-shek's Kuomintang, which after the revolution of 1925-27 had revealed its true nature for all to see. But when confronted with the need for a decisive choice during the revolutionary upsurge of 1946-47, he put himself at the head of a peasant insurrection, ignoring Stalin's 'suggestions' and wishes and leading the Red Army to conquer the country: and ten years later he once more took up the cudgels as the chief spokesman of the left wing of the Communist movement. **He was at the head of the Party which played a leading role in the overthrow of capitalism, but after victory he presided over a process of bureaucratization; and then, at a certain point, he himself took alarm at the consequences of that process. He proclaimed and had it proclaimed that the masses decide everything and that it is necessary to learn from them, whereas in reality he built up a system that was extremely centralized politically and monolithic in tendency, based on an authoritarian paternalism of which the boundless cult of his person was the symbol.** He maintained the need for a struggle to the death with imperialism and criticized Soviet policy in the ex-colonial countries, while at the same time inspiring a policy of collaboration and compromise with the bourgeoisie resulting in the massacre of the Indonesian Communists and the paralysis of his followers in Pakistan and East Bengal. He has posed as the standard-bearer in a battle against bureaucracy but has continued to quote Stalin, who more than any other individual symbolizes the rule and ideological hegemony of the bureaucracy. He has written poetry in the most traditional manner, and pronounced speeches of undeniable literary value, but has promoted campaigns inspired by the most brutal forms of Zhdanovism in which artistic expression is demeaned to the level of a mere instrument of propaganda. Our assessment of a personality so thoroughly shot through with contradictions — like the society, the political group and the social stratum of which he is an expression — can only be dialectical and dependent on the role that he has objectively fulfilled, is fulfilling or will fulfill in any given situation. Otherwise we shall either fail to understand his role or fall into the opposite trap of uncritical adulation.

But beyond Mao and Maoism, the basic problem is the fate of the revolution in China. Chinese society will only be in a position to break out of the circle of contradictions that encloses it if two basic conditions are met: firstly, the building of socialism in China must be organically linked to the building of socialism on a supranational scale, thereby smashing the barriers between nation states inherited from the old society; and secondly, it is necessary to introduce real democracy and give the workers and peasants a chance to carry out their leading role, so that they are in a position to deal with the basic issues from the angle of their own interests and aspirations, of the needs of socialist construction, freed from the distorting interference of the interests and aims of the new privileged strata. To the extent that China follows this path, she will overcome the conditions of backwardness that are at the root of, and in their turn perpetuated by, the bureaucratic involution.

The real struggle against the bureaucracy is not over, or nearly over rather, it has not yet begun. It will have to take the form of a struggle from below for a break, for a qualitative leap, in a word, for a revolution, qualitatively different from all movements of reform or self-reform, however profound and however iconoclastic they might appear.

END *(Editor's emphases throughout)*